

CANADA

HOUSE OF COMMONS DEBATES

OFFICIAL REPORT

FOURTH SESSION—TWENTY-EIGHTH PARLIAMENT

21 Elizabeth II

VOLUME III, 1972

COMPRISING THE PERIOD FROM THE EIGHTH DAY OF MAY, 1972,
TO THE SEVENTH DAY OF JUNE, 1972, INCLUSIVE

INDEX ISSUED IN A SEPARATE VOLUME

Published under the authority of the Speaker of the House of Commons by the Queen's Printer for Canada

Available from Information Canada, Ottawa, Canada

25316—1

HOUSE OF COMMONS

Monday, May 8, 1972

The House met at 2 p.m.

PRIVILEGE

MR. GIBSON—BASIS FOR QUESTION ON CHANGING OF "DOMINION DAY" TO "CANADA DAY"

Mr. Colin D. Gibson (Hamilton-Wentworth): Mr. Speaker, I rise on a question of personal privilege. I wish to deny the error made by the right hon. member for Prince Albert (Mr. Diefenbaker) when he falsely stated that I asked a planted question on the subject of Canada Day in the House, as quoted in the Hamilton *Spectator* of Friday, May 5. Actually, the foundation for the question was my own private members' bill which has been filed and has been before parliament since last October. I request—

Mr. Speaker: Order, please. The hon. member must know that he has to give the Chair the required notice in writing before raising a question of this kind. No notice, to my knowledge, has been sent to my office; therefore the matter cannot be pursued.

ROUTINE PROCEEDINGS

REGIONAL ECONOMIC EXPANSION

APPEARANCE OF MINISTER BEFORE STANDING COMMITTEE—REQUEST FOR UNANIMOUS CONSENT TO MOVE MOTION UNDER S.O. 43

Mr. John Burton (Regina East): Mr. Speaker, I wish to move a motion under Standing Order 43. I would move, seconded by the hon. member for Winnipeg North Centre (Mr. Knowles):

That this House instruct the Standing Committee on Regional Development to invite the Minister of Regional Economic Expansion to appear before the committee this week in order to provide answers to questions posed at previous meetings on grants and other related matters concerning McCain Foods Limited, the distribution of industrial incentive grants by province, and the failure of the Department of Regional Economic Expansion to maintain an adequate check on the impact of its grants on other industrial operations.

Mr. Speaker: Order, please. I am not sure whether this motion has not already been put to the House. I appreciate there is nothing in the rules to indicate that a motion cannot be put ten times on the same day or ten times on ten consecutive days, but I think that would be an abuse of the rules. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

Mr. Speaker: The motion cannot be put.

CANADA ELECTIONS ACT

AMENDMENT TO ENFRANCHISE PRISONERS

Mr. David MacDonald (Egmont) moved for leave to introduce Bill C-202, to amend the Canada Elections Act (prisoners enfranchised).

Some hon. Members: Explain.

Mr. MacDonald (Egmont): Mr. Speaker, the purpose of this bill is to permit inmates of jails and penitentiaries to vote in federal elections. It is submitted in the belief that prisoners must, to the greatest degree possible, exercise responsibility in the democratic process if their re-entry into society is to be successful.

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

* * *

• (1410)

[*Translation*]

REPRESENTATION COMMISSIONER ACT

AMENDMENT RESPECTING SALARY

Hon. Gérard Pelletier (Secretary of State) moved for leave to introduce Bill C-203, an Act to amend the Representation Commissioner Act.

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

* * *

[*English*]

VETERANS AFFAIRS

AUTHORIZATION OF STANDING COMMITTEE TO HEAR EVIDENCE FROM CERTAIN ASSOCIATIONS RESPECTING DISABILITY PENSIONS

On the order: Government Notices of Motions:

The President of the Privy Council:

That the Standing Committee on Veterans Affairs be authorized to hear evidence from spokesmen for:

1. The Hong Kong Veterans Association of Canada,
2. The National Prisoners of War Association, and
3. The Dieppe Veterans and Prisoners of War Association,

concerning disability pensions of members of the armed forces who were prisoners of war.

Mr. Speaker: Pursuant to section 2 of Standing Order 21, this notice of motion is transferred to and ordered for consideration under government orders at the next sitting of the House.

Questions

Mr. Knowles (Winnipeg North Centre): I rise on a point of order, Mr. Speaker. Would the House not consent to passing this motion now without debate?

Mr. Speaker: Is this agreed?

Some hon. Members: Agreed.

Hon. Allan J. MacEachen (President of the Privy Council) moved:

That the Standing Committee on Veterans Affairs be authorized to hear evidence from spokesmen for:

1. The Hong Kong Veterans Association of Canada,
2. The National Prisoners of War Association, and
3. The Dieppe Veterans and Prisoners of War Association,

concerning disability pensions of members of the armed forces who were prisoners of war.

Motion agreed to.

Mr. MacDonald (Egmont): I rise on a point of order, Mr. Speaker. I wonder whether the government House leader has yet had a chance to confer with the Secretary of State (Mr. Pelletier) with regard to the establishment of a committee to look into matters related to youth, as agreed earlier by the Secretary of State. Has there been any progress, and when will the government House leader be in a position to take some action on this matter?

Mr. MacEachen: Mr. Speaker, I have not yet reached a decision on it and I am not so certain whether a decision would be material at this point.

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

UNEMPLOYMENT INSURANCE BENEFITS

Question No. 93—**Mr. Laprise:**

1. Prior to receiving unemployment insurance benefits, have applicants had to wait and, if so, how many of them have had to wait (a) three weeks or more (b) four weeks or more (c) five weeks or more (d) six weeks or more?

2. How many employees of the Unemployment Insurance Commission in Montreal and Rouyn had to work overtime during the months of October, November and December 1971?

3. How many hours of overtime did these employees work?

Hon. Bryce Mackasey (Minister of Manpower and Immigration): 1. Continuing figures on speed of service have not been kept.

2. Number of employees who worked overtime

	October 1971	November 1971	December 1971
Regional Office, Montreal....	410	541	544
District Office, Rouyn.....	30	28	37

3. Number of hours of overtime

	October 1971	November 1971	December 1971
Regional Office, Montreal....	5,559	9,314	1,1228
District Office, Rouyn.....	799	649	750

[Mr. Speaker.]

UNEMPLOYMENT INSURANCE COMMISSION—CLAIMANT KITS

Question No. 99—**Mr. Marshall:**

How many claimant kits were sent to UIC offices in the following cities in the Province of Newfoundland (a) St. John's (b) Gander (c) Grand Falls (d) Corner Brook?

Hon. Bryce Mackasey (Minister of Manpower and Immigration): We are interpreting claimant kits as applications received from claimants. (a) St. John's received 3,576 applications in February, 1972. (b) There is no office in Gander. (c) The service office in Grand Falls does not process applications. (d) Corner Brook received 947 applications in February, 1972.

FEDERAL PENITENTIARIES—JUVENILE OFFENDERS

Question No. 188—**Mr. Orlikow:**

1. How many juvenile offenders are now in federal penitentiaries?

2. In how many cases did the court have pre-sentence recommendations from social workers, probation officers, psychiatrists, etc.?

3. What facilities, if any, are there for segregation of these juveniles from the adult inmates?

Hon. Jean-Pierre Goyer (Solicitor General): 1. One—within the meaning of Section 21 of the Penitentiary Act.

2. One—for the same young offender.

3. This young offender is confined under the provisions of section 21 of the Penitentiary Act in an area within the confines of the Drumheller Institution, Drumheller, Alberta, where a Young Offender's Program is in effect.

INFORMATION REGARDING EMPLOYEES IN FORMER DEPARTMENT OF TRADE AND COMMERCE

Question No. 197—**Mr. Burton:**

1. How many full-time employees were there in the former Department of Trade and Commerce before its amalgamation with the Department of Industry?

2. How many of these were earning more than $15,000 annually, distributed according to $1,000 intervals?

Mr. Bruce Howard (Parliamentary Secretary to Minister of Industry, Trade and Commerce): 1. The number of full-time employees in the former Department of Trade and Commerce, as of March, 1969, was 1,961.

2. Records are not maintained in such a manner as to readily provide information concerning salary ranges. However, the number of employees earning more than $15,000 per annum in March 1969 was 170.

INFORMATION REGARDING EMPLOYEES IN FORMER DEPARTMENT OF INDUSTRY

Question No. 199—**Mr. Burton:**

1. How many full-time employees were there in the former Department of Industry before its amalgamation with the Department of Trade and Commerce?

2. How many of these were earning more than $15,000 annually, distributed according to $1,000 intervals?

Mr. Bruce Howard (Parliamentary Secretary to Minister of Industry, Trade and Commerce): 1. The number of full-time employees in the former Department of Industry, as of March, 1969, was 768.

2. Records are not maintained in such a manner as to readily provide information concerning salary ranges. However, the number of employees earning more than $15,000 per annum in March, 1969, was 157.

STEPS TAKEN TO CONTROL INFLUX OF HEROIN INTO CANADA

Question No. 212—**Mr. Yewchuk:**

1. What recent steps have been taken by the government to control the influx of heroin into Canada?

2. During the last year (a) how many persons were arrested for smuggling heroin into Canada (b) what was the country of origin for each of the persons arrested?

Mr. J. A. Jerome (Parliamentary Secretary to President of the Privy Council): 1. The Department of National Revenue, Customs and Excise has embarked on a wide and varied training program for customs officers over the last three years. This program has proven most successful in the training of customs officers to identify narcotic materials and training in the methods of apprehending narcotic smugglers. As a matter of policy, all narcotic seizures made by customs officers are turned over to the Royal Canadian Mounted Police for action under the Narcotic Control Act.

The Royal Canadian Mounted Police work closely with the Customs Department who are very active in the suppression of illegal drug importation at ports of entry. A close association exists with the International Criminal Police Organization (Interpol) and this affiliation permits a reciprocal exchange of information on international drug trafficking. In recent months, the R.C.M. Police joined in a continuing tripartite meeting with France and the United States which is aimed specifically at increasing the exchange of information between the three countries involved.

Close co-operation in this area has always existed between Canada and the United States and, in addition, recent tripartite meetings on the ministerial level have taken place to establish closer liaison between Mexico, the United States and Canada.

2. (a) During the calendar year 1971, 14 individuals were charged by the R.C.M. Police for illegal importation of heroin into Canada.

(b) Country of Origin (Birth) of persons arrested	Number arrested
Algeria	1
Canada	4
Egypt	1
France	1
Israel	1
Italy	4
Lebanon	1
Taiwan	1

ROYAL CANADIAN MOUNTED POLICE CENTENNIAL

Question No. 293—**Mr. Nielsen:**

1. Has a committee been established to plan for the celebration of the centennial of the Royal Canadian Mounted Police to occur in 1973 and, if so, what are the names and addresses of the members of the committee?

2. What arrangements, if any, have been made with the governments of Manitoba, Saskatchewan and Alberta to enable those provinces to participate in the planning of the centennial?

Hon. Jean-Pierre Goyer (Solicitor General): 1. Yes. A Centennial Steering Committee has been established to make plans for the centennial of the Royal Canadian Mounted Police in 1973. This committee chaired by Mr. Guy Fournier, 361 Place Royale, Montreal 125, Quebec, consists of Mr. John Rowand, 69 Academy Park Road, Regina, Saskatchewan; Mrs. Marie-Josée Beaulac, Solicitor General's Office, Ottawa; Sub/Inspector J. C. Y. Turgeon, Royal Canadian Mounted Police, Ottawa; Mr. Steve Evans, 154 University Avenue, Toronto.

2. All western provinces have been consulted with regard to the Centennial of the Royal Canadian Mounted Police. They have all been made aware of the objectives of the centennial along with the proposed projects that the Steering Committee has developed. We have invited their comments and suggestions and a permanent liaison has been established with the provinces through the divisions of the Royal Canadian Mounted Police.

ACQUISITION OF ROCHDALE COLLEGE AS HOME FOR SENIOR CITIZENS

Question No. 294—**Mr. Robinson:**

Will the government consider the takeover of Rochdale College to utilize the premises as a senior citizens home?

Hon. Ron Basford (Minister of State for Urban Affairs): In accordance with the announcement made by the Minister of State for Urban Affairs on August 4, 1971, Central Mortgage and Housing Corporation has taken foreclosure action againts the owners of Rochdale College. While it has been hoped that the courts would grant an early order for possession, to permit CMHC to obtain financial and operating control, this possession has been refused by the courts and CMHC solicitors have therefore been instructed to seek an early trial date on the main foreclosure action. We are pursuing the foreclosure action with all due diligence.

As CMHC does not have legal possession of the building, consideration cannot be given to other uses at this time.

FEDERAL FUNDS FOR STORM SEWERS IN LARGE MUNICIPAL AREAS

Question No. 368—**Mr. Robinson:**

Is the government considering the advisability of providing funds for storm sewers and sanitary system facilities for the large municipal areas of Canada such as Montreal, Toronto, Vancouver, Winnipeg, Hamilton, Calgary, Edmonton, Ottawa and Quebec?

Hon. Ron Basford (Minister of State for Urban Affairs): Loans may be made under the National Housing Act to any province or municipality for the construction or

expansion of trunk sewer collector systems and sewage treatment plants. This provision does not include loans for storm sewers. While the government has the program under continuing review, there are no immediate plans to expand the scope of the work that may qualify for these loans.

CREDIT INFORMATION

Question No. 373—**Mr. Robinson:**

1. What action does the government propose in order to keep credit information about Canadians (a) in Canada (b) confidential and restricted?

2. Will the government consider ways and means of controlling the credit information collected by credit bureaus from being given to the public generally?

Hon. Robert K. Andras (Minister of Consumer and Corporate Affairs): 1. The responsibility for supervising the operations of agencies which collect and disseminate information concerning the credit rating of individuals rests with the provincial legislatures. Several provinces have passed or tabled legislation designed to regulate the activities of such agencies.

2. Answered by No. 1.

OPEN-SHOP MOVEMENT FOR THE CONSTRUCTION INDUSTRY

Question No. 388—**Mr. Robinson:**

Will the federal government consider introduction of the principle of the open-shop movement for the construction industry?

Hon. Martin P. O'Connell (Minister of Labour): No.

LOCAL INITIATIVES PROGRAM

Question No. 400—**Mr. Knight:**

1. What was the total number of applications under the Local Initiatives Program for the constituency of Assiniboia?

2. What was the total number of dollars requested in these applications?

3. How many approvals were granted to Local Initiatives projects on the constituency of Assiniboia and what was the cost of those projects?

4. How many Local Initiatives projects in the constituency of Assiniboia were turned down, what were the names of these projects and what was the total amount of money requested for them?

Hon. Bryce Mackasey (Minister of Manpower and Immigration): 1. Records of applications under the local Initiatives Program have not been maintained by constituency.

2. Not available.

3. Twelve projects were approved under the Local Initiatives Program in the constituency of Assiniboia at a cost of $1,075,183.

4. Not available.

[Mr. Basford.]

IMMIGRATION

Question No. 422—**Mr. Robinson:**

Has the government considered how many additional people will be encouraged to emigrate to Canada as a result of fewer births due to increased number of abortions?

Hon. Bryce Mackasey (Minister of Manpower and Immigration): No. The assessment criteria under the immigration regulations which govern the size of the immigrant intake were designed in such a way that they would not ordinarily be influenced by one demographic factor such as the rate of abortion.

PARLIAMENT HILL—SPEED LIMIT

Question No. 437—**Mr. MacRae:**

1. What is the speed limit for vehicles on Parliament Hill?

2. Who is responsible for enforcing this speed limit?

3. For how many infractions have there been convictions since January 1, 1972?

Hon. Jean-Pierre Goyer (Solicitor General): 1. Fifteen miles per hour.

2. The Royal Canadian Mounted Police.

3. Nil.

LOCAL INITIATIVES PROGRAM

Question No. 439—**Mr. Orlikow:**

1. How much of the $50 million for community organizations and other organized groups in the program announced by the Minister of Finance in the House on October 14, 1971, has been allocated?

2. What is the allocation, by province, of money under this program?

Hon. Bryce Mackasey (Minister of Manpower and Immigration): 1. The $50 million for community organizations and other organized groups in the program announced by the Minister of Finance in the House on October 14, 1971, was subsequently increased to $100 million on January 11, 1972, and has been allocated.

2. As of March 14, 1972, the allocation by province under the program was:

	$ Private
Newfoundland	6,603,143
Nova Scotia	7,775,356
Prince Edward Island	1,524,687
New Brunswick	6,654,816
Quebec	39,008,426
Ontario	14,277,652
Manitoba	3,428,396
Saskatchewan	2,557,885
Alberta	4,240,750
Northwest Territories	602,839
British Columbia	9,171,991
Yukon Territory	312,269

CANADA MANPOWER PROGRAM—ALLOCATION OF $15 MILLION PROGRAM

Question No. 442—**Mr. Orlikow:**

1. How much of the $15 million for expansion of the existing Canada Manpower program announced by the Minister of Finance in the House on October 14, 1971, has been allocated?

2. What is the allocation, by province, of money under this program?

Hon. Bryce Mackasey (Minister of Manpower and Immigration): 1. All of the $15 million allocated for the expansion of the Canada Manpower program has been allocated.

2. The allocation by province, including the payment of training costs to provincial authorities and the payment of allowances to trainees, is as follows:

	$
Newfoundland	330,000
Nova Scotia	403,500
Prince Edward Island	88,000
New Brunswick	428,500
Quebec	5,995,000
Ontario	4,700,000
Manitoba	115,000
Saskatchewan	863,000
Alberta	484,000
Northwest Territories	48,000
British Columbia	1,449,000
Yukon Territory	96,000
Canada	$15,000,000

PROFITS TAKEN THROUGH INTEREST CHARGES ON ACCOUNTS

Question No. 466—**Mr. MacKay:**

Does the Department of Consumer and Corporate Affairs have any information on the profits taken by (a) Eatons (b) Simpson's (c) Simpsons-Sears (d) Shell Oil Co. (e) Gulf Oil Co. (f) Chargex through the practice of charging interest at the rate of 1½ per cent per month, 18 per cent per annum on revolving charge accounts?

Hon. Robert K. Andras (Minister of Consumer and Corporate Affairs): The Department of Consumer and Corporate Affairs does not have any information on the profits taken by business firms through Chargex or revolving charge accounts.

BRANDON STUDENT RESIDENCE

Question No. 467—**Mr. Dinsdale:**

1. Will the Brandon Student Residence (formerly the Indian Residential School) be closed as of June 30, 1972 and, if so for what reasons?

2. Was the Manitoba Indian Brotherhood consulted before this decision was made and, if so, did it concur in the decision?

3. Was extensive remodelling carried out in the Residence last year and, if so (a) at what cost (b) for what purpose (c) what use is planned for the building?

4. Will there be any loss of jobs arising from the closing of the Residence and, if so, how many?

5. Where will the native children living in this Residence and attending school in Brandon be accommodated in the future?

Hon. Jean Chrétien (Minister of Indian Affairs and Northern Development): 1. Yes. After documented study, it became evident that the Brandon Residence was surplus to our present requirements.

2. The Manitoba Indian Brotherhood was consulted, provided with copies of pertinent material and concurred in the decision to close the Residence.

3. No. (a) N/A; (b) N/A; (c) Crown Assets Disposal Corporation will be asked to arrange for its sale or transfer to another government Department.

4. There were 35 continuing employees at the Brandon Student Residence, three of these employees were scheduled to retire this June and will therefore be unaffected by the closing. One other employee has been placed with this department in Brandon. Of the remainder, five are not mobile and therefore it may be difficult to find alternative federal government employment for them. The others are being and will continue to be considered for suitable assignments both in the Department of Indian Affairs and Northern Development and in other federal departments.

5. Eighty students currently live at the Residence. Of this number 60 will be accommodated in their own homes. The remaining 20 will be placed in other residences or boarding homes in consultation with parents and child care agencies.

NATIONAL DEFENCE—PAY SCALES OF STAFF SERGEANTS

Question No. 492—**Mr. Godin:**

1. In 1960, what was the pay scale of a staff sergeant (a) group 4 (b) group 3 (c) group 2 (d) group 1?

2. For the same rank and groups, what is the pay scale in 1972?

[*Translation*]

Mr. J.-R. Comtois (Parliamentary Secretary to Minister of National Defence): 1 and 2. A staff sergeant in 1960 is now known as a warrant officer, and the monthly rates of pay shown are those paid on March 31, 1960 to a staff sergeant in the Canadian Army and on March 31, 1972 to a warrant officer in the Canadian Forces.

Group	Basic	Automatic After 3 Yrs.	Automatic After 6 Yrs.	Automatic After 9 Yrs.
1.....	229	234	239	244
2.....	247	252	257	262
3.....	271	276	281	286
4.....	289	294	299	304

31 March, 1972

PAY-FIELD	BASIC	INC 1	INC 2	INC 3	INC 4
A	775	785	795	805	815
B	814	824	834	844	854
C	891	901	911	921	931

Inquiries of the Ministry

("INC" Indicates Pay Incentive Category) (Incentive pay is based on performance and is to encourage individual motivation and to recognize, by annual pay increments, a high degree of proficiency and concomitant value to the Forces.)

[*English*]

INDIAN HOUSING—SASKATCHEWAN

Question No. 504—**Mr. Korchinski:**

1. In the past four years, how many houses were built in Saskatchewan for Indian families?

2. How many of these homes were in the constituency of Mackenzie?

Mr. Allen B. Sulatycky (Parliamentary Secretary to Minister of Indian Affairs and Northern Development): 1. 1,388.

2. 283.

TRACKING FACILITY AT POUCH COVE, NEWFOUNDLAND

Question No. 539—**Mr. Robinson:**

1. What is the estimated cost of the temporary tracking facility to be located near Pouch Cove, Newfoundland?

2. How much of the initial cost will be paid by Canada?

3. How much of the yearly operational cost will be paid by Canada?

4. Will the federal government through the National Research Council have any control over the facilities when installed?

Hon. C. M. Drury (President of the Treasury Board): In so far as the National Research Council of Canada is concerned the answer is as follows: 1. $248,156. For building and preparation of site.

2. Nil.

3. Nil.

4. No, but the station must comply with Department of Transport regulations concerning use of radio frequencies.

* * *

QUESTION PASSED AS ORDER FOR RETURN

FEDERAL CORRECTIONAL INSTITUTIONS

Question No. 149—**Mr. Orlikow:**

1. How many federal correctional institutions are there in Canada?

2. What are the names of the Wardens of each of these institutions, and how long have they been in their positions?

3. What, if any, are their professional qualifications?

Return tabled.

ORAL QUESTION PERIOD

Mr. Stanfield (Leader of the Opposition): Mr. Speaker, I had some questions for the Minister of National Health and Welfare, who I believe has the Prime Minister's permission to be here today. Perhaps he will be here a little later, in which case I shall direct my questions to him then.

[Mr. Comtois.]

* * *

INDIAN AFFAIRS

ASSISTANCE TO JAMES BAY AREA INDIANS IN OPPOSING HYDROELECTRIC POWER PROJECT—REQUESTS TO MINISTER BY DELEGATION

Mr. David Lewis (York South): Mr. Speaker, I have some questions for the Minister of Indian Affairs and Northern Development arising out of a report that he met with representatives of the Indian people of northern Quebec in connection with the James Bay development. Can the minister inform the House briefly what requests the delegation made to him and what his replies were?

[*Translation*]

Hon. Jean Chrétien (Minister of Indian Affairs and Northern Development): Mr. Speaker, when I met the Indians of the province of Quebec on two occasions last week, they asked me to take part in the discussions with the Quebec authorities on the James Bay development; I told them I should be happy to do so. Since then I have been in touch with Quebec Premier Bourassa. We are to meet next Monday to discuss the situation and ensure that the Indians will be consulted on every aspect of the project that concerns them.

[*English*]

Mr. Lewis: Would the minister inform the House whether the delegation did not also speak to him about some court suits they have started and ask him for financial and other assistance with respect to these court actions?

[*Translation*]

Mr. Chrétien: Mr. Speaker, the Indians and Eskimos of northern Quebec told me that they had taken it upon themselves to bring legal action before the superior court so that it might give a ruling on the constitutionality of the act setting up the James Bay corporation. I told them our services were at their disposal but that the suit would have to be financed with the funds they have already received from us and other institutions.

[*English*]

Mr. Lewis: May I ask the minister whether he did, in fact, offer additional financial assistance or any legal assistance to the Indians and Eskimos in connection with these cases—

[*Translation*]

—or if they have funds available for use?

Mr. Chrétien: Mr. Speaker, they asked me whether we could grant them more funds for research. I replied that we have the matter under review and that I believed we could help them a little more in this field.

[*English*]

Mr. Lewis: May I ask the minister whether the delegation indicated to him that they intend to proceed with these court cases or whether they were taking these actions simply as a symbol to dramatize their rights? If

they intend to proceed with the court actions, is he not prepared to give them legal as well as financial assistance?

Mr. Speaker: It seems to me that this is a repetition of a question already asked.

Mr. G. W. Baldwin (Peace River): In light of the fact that in accordance with chapter 45 of the Statutes of 1912 the province of Quebec placed itself in the same position as the federal government with respect to the rights of the Indians and thereby became the guarantor of those rights, would the minister not consult with his colleague the Minister of Justice and other colleagues so he might be prepared to intervene as protector of the rights of the Indians and Eskimos in connection with this matter?

[*Translation*]

Mr. Chrétien: Mr. Speaker, the hon. member should know that there is a great deal of communication between different departments of this government.

JAMES BAY HYDROELECTRIC PROJECT—COST OF TRAVEL TO MONTREAL FOR PROTECTING INDIANS

Mr. René Matte (Champlain): Mr. Speaker, I have a supplementary.

Could the minister tell us whether his department paid the travel expenses of the Indians who went to Montreal for a demonstration against the James Bay project?

Hon. Jean Chrétien (Minister of Indian Affairs and Northern Development): Mr. Speaker, I do not have that information. The Indians receive funds from our department and from other agencies, which they use for the best possible purposes. Concerning expenses for that particular trip, I cannot say whether or not they were paid for by our department or any other agency, but I must recognize that it is their right to hold a demonstration.

* * *

[*English*]

DRUGS

RESIGNATION OF DIRECTOR OF NON-MEDICAL USE OF DRUGS DIRECTORATE—REQUEST FOR STATEMENT—PROVISION OF ADDITIONAL FUNDS

Hon. Robert L. Stanfield (Leader of the Opposition): Mr. Speaker, I have a question for the Minister of National Health and Welfare in relation to the resignation of Dr. William Craig, the head of the federal directorate dealing with the non-medical use of drugs. Does the minister propose to make any statement in the House with regard to the resignation of this very senior official?

Hon. John C. Munro (Minister of National Health and Welfare): I had not intended to do so, Mr. Speaker. Dr. Craig submitted his resignation, indicating at the time that he had no comment to make. I take it that as a public servant he has a right to submit his resignation at any time. and that is what he has done.

• (1420)

Mr. Stanfield: Is it the intention of the minister to make any additional funds available in the hope that a suitable successor to Dr. Craig can be appointed who feels he can carry on this useful work?

Mr. Munro: Mr. Speaker, I believe very useful work can be carried on now under the present allocation of funds. If the priorities are such that further initiatives have to be taken in this area, the government would be prepared to respond in such circumstances.

DATE OF PUBLICATION OF FINAL REPORT OF LE DAIN COMMISSION

Hon. Robert L. Stanfield (Leader of the Opposition): Would the Minister of National Health and Welfare tell the House when the full and final report of the Le Dain commission will be tabled and whether the report is now in the hands of the government?

Hon. John C. Munro (Minister of National Health and Welfare): Mr. Speaker, to answer the latter part of the question first, no, the report is not in the hands of the government. I cannot be very explicit as to when the final report will be submitted. The chairman has indicated that there will be another instalment of the report dealing with marijuana and I expect it fairly shortly. The final report, which will include all the research studies and the complete findings covering the entire area under the commission's mandate, I expect to be some months away.

NON-MEDICAL USE OF DRUGS DIRECTORATE—REQUEST THAT MINISTER APPEAR BEFORE COMMITTEE

Mr. Jack Marshall (Humber-St. George's-St. Barbe): Mr. Speaker, I have a supplementary question for the Minister of National Health and Welfare. In view of the internal strife, if I may use that word, that is going on, would the minister be prepared to appear before the Standing Committee on Health, Welfare and Social Affairs to explain the situation to the committee and relieve the concern of Canadians?

Hon. John C. Munro (Minister of National Health and Welfare): Mr. Speaker, first, I do not agree with the premise of the hon. member with respect to strife. Second, when I appear before the committee in the normal course of events to explain my estimates, committee members will have ample opportunity to ask me any questions they wish.

* * *

[*Translation*]

NATIONAL PARKS

ESTABLISHMENT OF PARK IN TÉMISCAMINGUE—DISCUSSION WITH QUEBEC

Mr. Réal Caouette (Témiscamingue): Mr. Speaker, I should like to put a question to the Minister of Indian Affairs and Northern Development.

Inquiries of the Ministry

Did the minister have recent discussions with the Quebec authorities in connection with the proposed national park in Témiscamingue and if so, is he in a position to tell us where they stand?

Hon. Jean Chrétien (Minister of Indian Affairs and Northern Development): Mr. Speaker, I did get in touch with the Hon. Guy St-Pierre Friday last in that connection. We discussed it in general terms, but we hope to meet soon to discuss it more specifically.

* * *

[*English*]

EXTERNAL AFFAIRS

VIET NAM WAR—CANADIAN INITIATIVES TO OBTAIN CEASEFIRE

Mr. David MacDonald (Egmont): Mr. Speaker, my question is for the Secretary of State for External Affairs. In view of the worsening situation in Viet Nam with both escalation of the bombing and the potential fall of South Viet Nam, can the minister indicate whether or not Canada has taken any initiatives with the Soviet Union, China or the United States in the hope of obtaining a ceasefire?

Hon. Mitchell Sharp (Secretary of State for External Affairs): No, Mr. Speaker. I did answer a similar question last week and the answer is no.

Mr. MacDonald (Egmont): Mr. Speaker, I think the minister will admit that the situation grows appreciably worse. In view of the offer made earlier by the Secretary General of the United Nations to make his good offices available, may I ask whether or not we have had any communication with the Secretary General with a view to the Secretary General taking some responsibility in this area?

Mr. Sharp: Mr. Speaker, I did support the initiative of the Secretary General. He has not been in direct communication with us, but I felt it desirable to support him in his offer of good offices. As the hon. gentleman knows, however, neither of the Viet Nams is a member of the United Nations so he would have to intervene in his personal capacity. However, I hope that he is successful.

Mr. MacDonald (Egmont): In view of the crisis having a very serious effect on the great powers and, in particular, on the level of stability in Southeast Asia, would the minister be prepared to make a statement shortly on the government's own attitude with respect to the situation and any potential initiatives or intiatives that the government has already taken?

Mr. Sharp: Mr. Speaker, I do not think much purpose would be served by my making a statement on the very serious situation in Viet Nam at the present time. I might reiterate, however, the offer of Canada to act as an observer or in any capacity in which we could be useful. I doubt very much, if the Secretary General of the United Nations is unable to act as an intermediary, whether the Secretary of State for External Affairs of Canada would be successful.

[Mr. Caouette.]

FINANCE

HOLDINGS OF UNITED STATES DOLLARS—RELATION TO CANADIAN DOLLAR EXCHANGE RATE

Mr. S. Perry Ryan (Spadina): Mr. Speaker, my question is directed to the Minister of Finance. In light of the fact government holdings of United States dollars have now reached $4.227 billion, can he say what exchange rate for the Canadian dollar this massive intervention is aimed at?

Hon. John N. Turner (Minister of Finance): Mr. Speaker, the Canadian dollar is continuing to float.

Mr. Ryan: As the Bank of Canada's monetary policy has been designed to avoid any undue appreciation of the Canadian dollar, according to the Economic Review, can the minister inform the House what the government means by "undue" and whether the present appreciation is acceptable or undue?

Mr. Speaker: Order, please. I have serious doubts about this kind of question.

Mr. Ryan: It is a very good question.

Mr. Speaker: The question may be of interest and important, but I think it is so broad it should normally be answered by way of a statement on motions or perhaps during consideration of the budget.

DELAY IN B.C. MUNICIPAL PROJECTS BECAUSE OF CONSTRUCTION INDUSTRY DISPUTE—REQUEST FOR EXTENSION OF FORGIVENESS PERIOD UNDER FEDERAL FINANCING

Mr. Barry Mather (Surrey-White Rock): Mr. Speaker, I have a question I should like to ask the Minister of Finance who, from what I can see, is his usual cheerful and generous self, particularly today. In the lower mainland of British Columbia a construction industry dispute has stymied a number of federally aided municipal projects, resulting in the danger of municipalities suffering losses because of their inability to get the projects in operation and thereby benefit from the forgiveness clause in federal financing. Will the minister look into the matter to see whether it is possible to extend the period within which municipalities can qualify for this aid?

Hon. John N. Turner (Minister of Finance): I will certainly look into that, Mr. Speaker.

* * *

INFORMATION CANADA

IMPLICATION OF LACK OF PHOTOGRAPHS OF THE QUEEN FOR DISTRIBUTION

Right Hon. J. G. Diefenbaker (Prince Albert): Mr. Speaker, my question is directed to the Minister of Labour and has to do with the announcement by Information Canada of an expansion program costing several millions of dollars for the provision of computerized information and the like. Recently I have found that people who have written to Information Canada asking for a picture of the

Queen have received a document in reply headed "Publications, Information Canada" and stating "publication permanently out of stock". Will the minister look into this to find out whether this is another step along the way to demoting the monarchy?

Hon. Martin P. O'Connell (Minister of Labour): Mr. Speaker, I would be very glad to receive from the right hon. gentleman the communication from which he has read and to look into the matter immediately.

* * *

REGIONAL ECONOMIC EXPANSION

REQUEST FOR ASSURANCE THAT INCENTIVE GRANTS NOT BEING USED TO UNDERMINE LUGGAGE INDUSTRY

Mr. James A. McGrath (St. John's East): Mr. Speaker, perhaps I might ask for your indulgence before asking my question to refer to the presence in your gallery of a former member of this House, now the Premier of Newfoundland, and a distinguished delegation from the Newfoundland government.

Some hon. Members: Hear, hear!

Mr. McGrath: My question is directed to the Minister of Regional Economic Expansion. Can he assure the House that funds under the Regional Development Incentives Act are not being used to undermine the luggage industry in Canada through grants being paid to companies that are importing cheap luggage into the country?

• (1430)

Hon. Jean Marchand (Minister of Regional Economic Expansion): I read the same piece of news, Mr. Speaker, and I have just asked the department to inquire about it. This was the first time I heard about it. I do not know whether the situation is as described. As soon as I receive a report I will tell the hon. member.

Mr. McGrath: By way of a supplementary, Mr. Speaker, and in view of the interest of some of my hon. friends in the affairs of the minister and his department, would he agree to appear before the committee this week even though he is not scheduled to appear until next week?

Mr. Marchand (Langelier): My appearance before the committee has been arranged by the steering committee, and I am going to follow that arrangement, Mr. Speaker.

* * *

POST OFFICE

CONTRACT NEGOTIATIONS WITH UNIONS—PRESENTATION OF FORMAL OFFER BY GOVERNMENT

Mr. Thomas M. Bell (Saint John-Lancaster): Mr. Speaker, I wish to direct a question to the Minister of Labour. In the talks with the postal unions has the government in fact made a formal offer on wages and job security?

Hon. Martin P. O'Connell (Minister of Labour): Mr. Speaker, that question ought properly to be addressed to the President of the Treasury Board.

* * *

EXTERNAL AFFAIRS

BANGLADESH—ESTABLISHMENT OF FACILITIES IN DACCA FOR CANADIAN PLENIPOTENTIARY

Mr. Heath Macquarrie (Hillsborough): Mr. Speaker, I should like to ask the Secretary of State for External Affairs a question. Inasmuch as the distinguished High Commissioner for Bangladesh has arrived in Ottawa, can the minister report on whether or not facilities have been acquired in Dacca for the Canadian plenipotentiary to perform his duties, and when that official will in fact be performing his duties in Dacca?

Hon. Mitchell Sharp (Secretary of State for External Affairs): Mr. Speaker, I shall have to take the question as notice. I am not certain whether our new High Commissioner has yet appeared in Dacca. As the hon. member knows, there is a double accreditation to this post.

* * *

REGIONAL ECONOMIC EXPANSION

INCENTIVE GRANT TO MICHELIN TIRE—NUMBER OF NEW JOBS

Mr. John Burton (Regina East): Mr. Speaker, I wish to direct a question to the Minister of Regional Economic Expansion. In view of the conflict between his department's figure of 1,278 new jobs for the Michelin plant expansion which his department is assisting and Premier Regan's estimate of 700 new jobs, can the minister tell the House which figure is correct and exactly how many new jobs are expected?

[*Translation*]

Hon. Jean Marchand (Minister of Regional Economic Expansion): Mr. Speaker, I think that the apparent contradiction has been explained by Premier Regan. If the hon. member takes the trouble to read the second press release, he will realize that the statistics of the department are right.

[*English*]

INCENTIVE GRANT TO MICHELIN TIRE—POSSIBLE EXEMPTION FROM CUSTOMS DUTIES FOR CERTAIN IMPORTS

Mr. John Burton (Regina East): Mr. Speaker, I should like to direct my supplementary question to the Minister of Finance. Has the Michelin Tire Company been granted an exemption from customs duties for certain imports? If so, when was this put into effect, is it now in effect, when will it expire, and has there been any change in the status of the exemption?

Hon. John N. Turner (Minister of Finance): Mr. Speaker, the government has not authorized any duty-free entry of

certain types or certain sizes of tires for the Michelin Company, nor has any decision been reached as to when such a remission would come into effect.

* * *

HEALTH

SUGGESTED BAN ON USE OF DIETHYLSTILBESTROL IN MEAT PRODUCTION

Mr. P. V. Noble (Grey-Simcoe): Mr. Speaker, I should like to direct a question to the Minister of National Health and Welfare. In view of the fact that diethylstilbestrol has been sharply attacked as a cancer-causing agent, and that recently two environmental organizations filed a lawsuit against both the United States Food and Drug Administration and the Department of Agriculture to demand that the use of this synthetic hormone in cattle feed be prohibited, will the government give our people the same protection as 21 other nations that have already banned the use of this material in meat production?

Hon. John C. Munro (Minister of National Health and Welfare): I will have to look into the matter, Mr. Speaker, and report to the hon. member later.

* * *

YOUTH

OPPORTUNITIES FOR YOUTH PROGRAM—REQUEST THAT REASONS FOR REFUSAL OF PROJECTS BE GIVEN

Mr. A. D. Hales (Wellington): Mr. Speaker, I should like to direct my question to the Secretary of State who is the minister responsible for the Opportunities for Youth program. Is it his intention to change the content of the letters which are being sent to applicants whose projects have been rejected in order to give them more concrete information or definite reasons as to why their projects have been rejected?

Mr. Speaker: I believe this question was asked last Friday, but I may be wrong. Perhaps the minister might reply if the information was not given to the House then.

[*Translation*]

Hon. Gérard Pelletier (Secretary of State): No, the question has been asked, Mr. Speaker—you are perfectly right—and I explained at length that we must send a concise letter which is necessarily too short and unexplicit so that young people whose projects are rejected can receive this letter as soon as possible and look for another job. But young people who insist on having specific details and individual letters can ask for them if they are patient enough to wait for the reply.

OPPORTUNITIES FOR YOUTH PROGRAM—INQUIRY RESPECTING RESIGNATIONS IN ADDITION TO THAT OF MR. BUREAU

Mr. Réal Caouette (Témiscamingue): Mr. Speaker, my question is for the Secretary of State.

[Mr. Turner (Ottawa-Carleton).]

Since the resignation of a few young people engaged in the administration of Opportunities for Youth, is the Secretary of State in a position to indicate whether there have been other resignations after those and if so, how many there were?

Hon. Gérard Pelletier (Secretary of State): Mr. Speaker, since the last ones, there have been no others.

Mr. Caouette: Mr. Speaker, I understand that the Secretary of State is being funny, but he knows perfectly well what I mean.

Since the resignation of "Bureau and Company" last week or ten days ago, have there been other resignations?

Mr. Pelletier: Mr. Speaker, there is no organization incorporated under the name "Bureau and Company", and therefore I cannot be sure of what the hon. member means. And I am happy that for once he thinks I am funny.

* * *

[*English*]

CONSUMER AFFAIRS

WITHDRAWAL FROM MARKET OF CERTAIN TYPES OF CHILDREN'S CAR SEATS AND HARNESSES

Mr. Elmer M. MacKay (Central Nova): Mr. Speaker, I have a question for the Minister of Consumer and Corporate Affairs. It relates to a matter which was dealt with in a recent news release issued by his department. Will he inform the House whether those children's car seats and harnesses dealt with in that communiqué, which according to its contents failed to comply with the standards mentioned therein, will be withdrawn from the market and, if not, why not?

Hon. Robert K. Andras (Minister of Consumer and Corporate Affairs): Mr. Speaker, it is our intention in the enforcement of the regulations that those will not be made available for sale. There are some inventories that in fact probably will have to be scrapped. We regret that, but the choice to me was obvious and we made the decision that they should not in fact be distributed.

* * *

FINANCE

DISCUSSIONS WITH ONTARIO GOVERNMENT TO ENCOURAGE BORROWING IN CANADA—POSSIBLE LOWERING OF INTEREST RATES

Mr. Max Saltsman (Waterloo): Mr. Speaker, I wish to direct a question to the Minister of Finance. It concerns the announced borrowings of the government of Ontario, both for itself and the Ontario Hydro Commission, amounting to between $800 million and $900 million. In view of the stated intention of his department that borrowings be conducted in Canada rather than abroad, can the minister indicate whether he has held discussions with officials of the government of Ontario to encourage them to borrow in Canada, and is he prepared to make some arrangement to assist them in that borrowing?

Hon. John N. Turner (Minister of Finance): Yes, Mr. Speaker, I had discussions two months or more ago with Mr. Darcy McKeough, Provincial Treasurer of Ontario, when he indicated to me what his borrowing intentions were. I repeated what I said at Jasper, namely, the request of the federal government to all provinces, made by my predecessor, that they seek accommodation where they could in the Canadian market. He assured me that would be done and that he would go to foreign markets only where he needed to do so. A good deal of the foreign borrowing to which the hon. member refers is in the form of roll-over and reinvestment of funds and does not involve the total exchange that he has mentioned.

Mr. Saltsman: In the minister's conversations with officials of the government of Ontario did he give any indication to them that he was willing or prepared to take action with the Bank of Canada to lower interest rates in Canada, in order to accommodate their borrowings in this country?

Mr. Turner (Ottawa-Carleton): Mr. Speaker, even if I had outlined this I would not at this stage make it known.

* * *

[*Translation*]

CANADIAN BROADCASTING CORPORATION

DISPUTE RESPECTING PROGRAM "SUR LE VIF"—INTERVENTION OF MINISTER

Mr. René Matte (Champlain): Mr. Speaker, I should like to put a question to the Secretary of State.

Could he say whether he has been requested to intervene in the present dispute between station CBOFT and the team responsible for the broadcast "Sur le vif"?

Hon. Gérard Pelletier (Secretary of State): No, Mr. Speaker.

* * *

[*English*]

GRAIN

BARLEY—SUGGESTED ADJUSTMENT IN ASSESSMENT OF FREIGHT CHARGES AGAINST ALBERTA GROWERS

Mr. Stan Schumacher (Palliser): Mr. Speaker, I wish to direct a question to the Minister of Justice in his capacity as the minister responsible for the Canadian Wheat Board. Is the minister considering any adjustment in assessing freight charges against Alberta barley growers in view of the fact that most of the barley is shipped through Vancouver rather than the Lakehead, which results in Alberta producers paying an average of six cents per bushel more than they should pay?

Hon. Otto E. Lang (Minister of Justice): Mr. Speaker, the hon. member's figures are in error. This matter has been discussed frequently by myself with the Wheat Board. The Wheat Board has indicated to me on a number of occasions that at any time when more Alberta barley appears to be moving through Vancouver than through the Lakehead a change in rate structure may be sought.

Of course, for that to happen a change in legislation may be required, and the co-operation of the House in putting through the amendments to the Wheat Board Act now on the order paper may be of assistance in that regard.

• (1440)

FUTURES TRADING—POSSIBLE UPDATING OF ACT TO PROVIDE FEDERAL SUPERVISION

Mr. Gordon Ritchie (Dauphin): Mr. Speaker, I have a question for the minister in charge of the Wheat Board. Has the government any intention of updating the Grain Futures Act, passed years ago but not proclaimed, in order to provide federal supervision over trading in futures on the Winnipeg Grain Exchange?

Hon. Otto E. Lang (Minister of Justice): Mr. Speaker, the committee I set up to study rapeseed marketing referred to this matter and it has been under review by us. The existing Grain Futures Act would not be of much use in connection with rapeseed trading. Therefore the question we will have to put before the House is what kind of amendments may be required to make the act effective.

* * *

UNEMPLOYMENT INSURANCE

NEWFOUNDLAND—DELAY IN PAYMENT OF BENEFITS—ACTION TO CORRECT PROBLEM

Mr. Jack Marshall (Humber-St. George's-St. Barbe): Mr. Speaker, my question is for the Minister of Manpower and Immigration. In view of the continuing problems in regard to the delays in payments to claimants under the Unemployment Insurance Act, particularly in the province of Newfoundland because of the distance between the office there and Moncton, would the minister indicate to the House whether any action is being taken to correct this problem and to relieve the pressure?

Hon. Bryce Mackasey (Minister of Manpower and Immigration): Mr. Speaker, the hon. member has raised this question on several occasions, and as a result of representations made some time ago I asked for a study to be made on the feasibility of an alternate computer service which would be available in Newfoundland. I should have that report this week, and I hope it is a positive one.

DELAY IN PAYMENT OF BENEFITS—ACTION TO PREVENT LOANSHARK OPERATIONS

Mr. Doug Rowland (Selkirk): I have a supplementary question for the Minister of Manpower and Immigration, Mr. Speaker. A while ago there was some trouble with loansharking associated with unemployment insurance cheques. At that time the minister's parliamentary assistant who was being questioned in the House indicated that legislation might be prepared by the government. Is the government considering the preparation of such legislation and if so, what form will it take? Will it be by amendment of the Small Loans Act?

Hon. Bryce Mackasey (Minister of Manpower and Immigration): Mr. Speaker, preliminary investigation shows

that if there is any weakness in the act or law it lies in the provincial jurisdiction. We are suggesting now that perhaps we should be concentrating in that area, with the co-operation of the provinces of course, in order to bring an end to this type of situation.

Mr. Rowland: May I suggest to the minister that he take a look at Bill C-187 and see if that might solve the problem?

Mr. Speaker: Order, please. That is a representation, not a question.

* * *

INQUIRY OF THE MINISTRY

Mr. G. W. Baldwin (Peace River): I have a question for the Prime Minister, Mr. Speaker. In view of the obvious concern of Her Majesty's loyal opposition about the TAPS tanker route and the departure of the hon. member for Esquimalt-Saanich for greener pastures, can the Prime Minister advise who will be the minister who will be taking over the responsibilities heretofore exercised by the hon. member?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I am glad to see that the opposition has a high regard for the future of the Liberal party in British Columbia. We share that regard.

Some hon. Members: Hear, hear!

* * *

TAXATION

SALES TAX REMISSION TO GREAT CANADIAN OIL SANDS LIMITED—SUGGESTED RETURN IN VIEW OF PROFITS—OTHER REMISSIONS

Mr. David Lewis (York South): Mr. Speaker, I have a question for the Minister of Finance arising out of some questions I asked him some time ago with respect to the $6 million remission to Great Canadian Oil Sands Limited. In view of the fact the latest report from that company shows that in its last fiscal year it made profits of $152 million, would the Minister of Finance now ask the company to return the $6 million remitted to it by the government on pleas of having lost money?

Hon. John N. Turner (Minister of Finance): Mr. Speaker, those were not the grounds on which remission was made, and similar treatment was accorded that company by the government of Alberta.

Mr. Lewis: My supplementary question is directed to the Prime Minister, Mr. Speaker. A few weeks ago I asked the Prime Minister whether he would inform the House about any other grants or remissions which Great Canadian Oil Sands Limited had received from other departments of the government and he said he would. Perhaps he has the information now.

Right Hon. P. E. Trudeau (Prime Minister): I do, Mr. Speaker. I have had the information for almost a month now. I have to refresh my memory and see what the information is in detail or else read a long paragraph to the House. In short, Mr. Speaker, may I say that no other department has made any grants of the nature in which the hon. member is interested.

[*Later:*]

Mr. Lewis: Mr. Speaker, perhaps I did not hear the Prime Minister correctly but he seemed to say that there were no grants of such a nature as might interest me. Would he be good enough to tell me exactly what that means? Were there no grants or were there other grants in which the Prime Minister thinks I am not interested?

Mr. Trudeau: What I meant to exclude were such programs as PAIT and other programs which apply to all industries. I am not certain that there was no such program applying to that particular company, but on the basis of the inquiries I have made the answer is that no grant has been made by the government to Great Canadian Oil Sands Limited or Sun Oil Company Limited or any subsidiary of these companies. This is the answer to the question as the hon. member asked it, but as I said it does not exclude the possibility of other programs that apply across the country for which perhaps some demand has been made by this particular company.

SUGGESTED REMISSION OF SALES TAX TO BRITISH COLUMBIA HYDRO

Mr. S. Perry Ryan (Spadina): I have a supplementary question for the Minister of Finance, Mr. Speaker. Is the government considering the remission to British Columbia Hydro of the same tax in respect of the millions of dollars it has spent on developments over the relevant period?

Hon. John N. Turner (Minister of Finance): I do not see any immediate connection between the two subjects, Mr. Speaker.

* * *

GRAIN

WHEAT—SUGGESTED INTERNATIONAL AGREEMENT ON PRICES—GOVERNMENT POSITION

Right Hon. J. G. Diefenbaker (Prince Albert): Mr. Speaker, my question is directed to the Minister of Justice in his capacity as minister in charge of the Wheat Board. In view of the strong statement made by 11 major United States and Canadian farm organizations which met at St. Paul with reference to wheat prices, namely, that recent prices for wheat have not been satisfactory to farmers and have not given them any financial benefits from the increasing world wheat markets, and their suggestion that we should press for an international agreement under which prices would be fixed that would bring the farmers a reasonable return, would the minister say what the present situation is, whether the government of Canada is pressing for an international wheat agreement, and what are the hopes for early signature being secured by both the producer and consumer nations?

Hon. Otto E. Lang (Minister of Justice): Mr. Speaker, the sentiments of producers referred to by the right hon. member seem to follow exactly the lines of my own as expressed in a speech in Minneapolis. We have made our position very clear to the world that we are eager for orderly marketing and support price levels in the International Grains Arrangement which are adequate to recover the cost of production of producers all over the world. We have made this known to other participants and potential participants in such an agreement and we are watchful for the right opportunity to come back to discussions on such arrangements.

Mr. Diefenbaker: I thank the minister and I should like to ask him whether or not, in view of his general acceptance of the suggestions made by these major farm organizations, he agrees that farm prices for wheat today are so low as not to give farmers any financial benefits from increasing world markets?

Mr. Speaker: I have serious doubts regarding the form of the question. The right hon. gentleman is asking the minister whether he agrees with a statement made outside the House in certain terms. I would not think that is in order.

Mr. Diefenbaker: I will ask the question more directly, Mr. Speaker. Is the minister of the view, shared by these various companies and organizations, that today the Canadian farmer, who is getting $1.73½ at Fort William for top grades, is receiving a price that does not secure for the farmer any return even though there are massive increases in the sales of wheat?

Mr. Lang: Mr. Speaker, it was our view of the level of international prices that led us to hold the domestic price at $1.95½ and at a later date to introduce the two-price system. I have no hesitation in saying that the recent price levels in international trading have been too low from the point of view of the over-all cost of production. As I indicated in my speech in Minneapolis, that is exactly the point which leads me to believe that the nations of the world should agree on price levels which are fairer to everybody over all, both to buyer and seller.

* * *

• (1450)

INDUSTRY

PROPOSED CLOSING OF QUAKER OATS PLANT, SASKATOON—GOVERNMENT ACTION

Mr. A. P. Gleave (Saskatoon-Biggar): Mr. Speaker, I should like to direct a question to the minister in charge of the Wheat Board with regard to the proposed closing of the Quaker Oats plant in Saskatoon and the representations made by the mayor of that city. Has the minister been in consultation with the Minister of Industry, Trade and Commerce and are they preparing to meet with officials from Saskatoon to discuss this matter and see what action can be taken to protect this industry?

Hon. Otto E. Lang (Minister of Justice): Mr. Speaker, no meeting such as that referred to by the hon. member is

planned at the present time. We are of course looking at the total potential use of this particular plant and some discussions along those lines are taking place.

Mr. Speaker: The hon. member for Cape Breton-East Richmond.

Mr. Gleave: A supplementary, Mr. Speaker—

Mr. Speaker: I apologize to the hon. member. Perhaps he might allow a supplementary to the hon. member for Saskatoon-Biggar. We will then return to the hon. member for Cape Breton-East Richmond.

Mr. Gleave: Is an investigation under way to determine whether this foreign-owned company is entitled to move its operations out of Saskatoon without consultation with the government and the Minister of Industry, Trade and Commerce?

Mr. Lang: Mr. Speaker, I really do not think that question raises any doubt that requires investigation. Our objective, of course, will be to see if any alternatives are available.

* * *

CANADA PENSION PLAN

ALLEGED DELAY IN PAYMENT OF DISABILITY PENSIONS TO CERTAIN DISCHARGED WORKERS

Mr. Donald MacInnis (Cape Breton-East Richmond): Mr. Speaker, I have a question for the Minister of National Health and Welfare. In view of the fact a Crown corporation is discharging men on the basis of disability and they are required to apply for a disability pension under the Canada Pension Plan, and in view of the procedures followed of application, appeal and review committees, why is the minister holding up payments in cases considered to be worthy?

Hon. John C. Munro (Minister of National Health and Welfare): Mr. Speaker, I am not aware of the specific instances to which the hon. member is referring. If he would care to elaborate or give me specific cases, I shall look into the matter to see whether there is indeed any delay.

Mr. MacInnis: Would the minister mind reading the mail he has been signing these last few days?

* * *

[*Translation*]

UNEMPLOYMENT INSURANCE

QUEBEC—MODIFICATION TO ALLOW RECIPIENTS TO WORK IN MAPLE SUGAR INDUSTRY WITHOUT LOSING BENEFITS

Mr. Adrien Lambert (Bellechasse): Mr. Speaker, I should like to put a question to the Minister of Manpower and Immigration.

Since a number of southeastern Quebec maple sugar producers experienced numerous difficulties last season

in hiring the required manpower, thus suffering considerable losses, can the minister say whether he has received representations from the directors of the Coopérative des producteurs des produits de l'érable requesting that changes be brought to regulations under the Unemployment Insurance Act so as to allow recipients to work a few days during the maple sugar season without any prejudice concerning their entitlement to benefits?

[*English*]

Hon. Bryce Mackasey (Minister of Manpower and Immigration): Mr. Speaker, the law as it is presently written permits people in that situation to supplement their unemployment insurance by 25 per cent which is more than ample for the sugaring season. I shall be glad to draw that particular section to the hon. member's attention so that he can send it to his constituents.

* * *

AIR TRANSPORT

RESPONSE TO REQUESTS BY FRANCE AND GREAT BRITAIN FOR SUPERSONIC FLIGHT CORRIDORS OVER CANADA

Hon. J. A. MacLean (Malpeque): Mr. Speaker, in the absence of the Minister of Transport I should like to direct a question to the Secretary of State for External Affairs. What response has Canada made to requests from France and Great Britain that in future their airlines be permitted to fly SST aircraft through certain corridors over Canada at supersonic speeds?

Hon. Mitchell Sharp (Secretary of State for External Affairs): Mr. Speaker, I shall consult with my colleague the Minister of Transport and ask him to answer the hon. gentleman.

Mr. Speaker: Orders of the day.

Mr. McGrath: Mr. Speaker, a point of order, since Thursday last when the government was questioned on government business a new order has appeared on the order paper, namely, government order 25 which concerns educational rights for the Pentacostal Assemblies of Newfoundland under the British North America Act and consequential amendments thereto. Since the same order appeared on the order paper last session, may I ask the government House leader whether he can inform the House when this order will be brought forward, bearing in mind the limited duration of the present session of parliament?

Mr. Speaker: Order, please. The hon. President of the Privy Council will be allowed to reply, but that is not a point of order, it is a question which might properly be asked during the question period. Having said this, and the question having been asked, the President of the Privy Council might reply.

Mr. MacEachen: Mr. Speaker, I will be meeting with the House leaders tomorrow, I hope. It should be possible for us to consider this and other items to which the House might wish to give priority.

[Mr. Lambert (Bellechasse).]

• (1500)

GOVERNMENT ORDERS

FARM CREDIT ACT

AMENDMENTS RESPECTING LOANS AND POWERS AND CAPITAL OF CORPORATION

The House resumed, from Thursday, May 5, consideration of the motion of Mr. Olson that Bill C-5, to amend the Farm Credit Act, be read the second time and referred to the Standing Committee on Agriculture and the amendment of Mr. Korchinski (p.1872) and the amendment to the amendment (Mr. Knight) (p. 1903).

Mr. Rod Thomson (Battleford-Kindersley): Mr. Speaker, the other day when I was speaking on this bill I suggested that, while my impression of the Farm Credit Corporation had been quite favourable and that while I felt it had performed a useful service, I also had the impression that upon occasion it became a little overenthusiastic about lending money to buy land at inflated prices. In the years 1968 and 1969, the Russians and Chinese were buying a lot of grain so farmers in the prairie provinces sometimes got a little carried away and paid too much money for farm land in expectation of continuing high prices for their products. It seems to me that officials of the Farm Credit Corporation got a little carried away too, and were prepared to lend too much money for the purchase of these farm lands. This is to be regretted because many farmers now find themselves saddled with a debt out of proportion to the productive value of the land at the present time. I think the corporation should be careful not to extend credit to the point where farmers will get in trouble.

The $100,000 limitation proposed in this bill may help inflate the price of farmland. This might be an advantage to those who wish to sell land but the Farm Credit Corporation, when lending money, should consider the productive capacity of that land in relation to the projected crop price. I am somewhat concerned about the possible duplication of services in respect of that portion of the bill concerned with the small farm adjustment program. At the moment, some provinces are providing advice and counselling to farmers on management questions and it seems to me that this bill will bring the Farm Credit Corporation into this area as well. It seems to me there is also some duplication with regard to the possible establishment of a land bank for the assembly of land. I do not think this would be useful, and in addition it would mean that the federal and provincial governments would be doing practically the same thing. I suggest that the Minister of Agriculture (Mr. Olson), who is not in the chamber, and the parliamentary secretary look carefully at this aspect of the bill. Instead of going ahead on its own, I suggest that the government should continue to press for an agreement between the provinces and the federal government.

The problem of land ownership, land tenure, mortgages and absentee landlords has plagued many countries for centuries. Those problems have been the cause of much political unrest, especially in older countries where there was not enough good land to go around. The result was

that exorbitant rents were charged by absentee landlords. In some ways the difficulties in this country are similar. Often, passing farmland from one generation to another is difficult. Industry has evolved a system under which industrial shares are bought and sold on the market. I think there is room for similar action in connection with land ownership. Land banks are being established; one hears of land assembly programs; the government makes loans available for farmers, and the size of farms is increasing. The government is actually advocating the elimination of certain farms.

Although this may not be the proper debate in which to raise this subject, I cannot help but feel that we have not sufficiently studied the side effects of enlarging the size of farms. In our towns and cities social difficulties are increasing. Crime and pollution are showing upward trends. There are transportation difficulties in urban areas. All these social evils are being created in the name of economic efficiency. These are the consequences that flow from encouraging our people to leave the countryside and move to the cities for the sake of some of these so-called other advantages. We have not looked carefully enough at this aspect of our problems.

I have conducted some studies with regard to land ownership, because I wanted to see what was being done in other countries. These studies, unfortunately, are not yet complete. If they had been completed I would have brought forward some recommendations in my speech. Perhaps I can do this another time. In the meantime, may I suggest that we examine this bill carefully in committee. Let us call witnesses and see what farmers themselves as well as other interested people think may actually happen to land prices if credit is expanded to $100,000 per farm. How many do they think will take advantage of this scheme and what will it do to land prices. As I said, I suggest that the Standing Committee on Agriculture call witnesses and hear the farmers' point of view on what may happen in rural communities if this program is implemented.

Mr. Gordon Ritchie (Dauphin): Mr. Speaker, in speaking on this bill and on the amendments to it, may I say that, to me, it seems this is largely a housekeeping bill, providing for credit to be expanded to $100,000 for individual farmers and for a certain broadening of the act to allow the Farm Credit Corporation to step in and perhaps manage farms under certain circumstances. I do not think the principle under which farm credit is to function is materially different from the principle under which it functioned in the past. Here we see merely a continuation of expanded policies that have largely the same thrust as previous policies.

I am sure that it would be of value if I were at this time to assess the impact of farm credit on agricultural production and assess, particularly, the effect on grain production in my riding. Since farm credit, either from the provincial or federal viewpoints, seems to be a vehicle by which land changes hands, I think we need to consider the situation in this light and to ascertain what the impact of farm credit on the agricultural community in general has been and on the farms of western Canada in particular. A recent news report suggested that agricultural credit had allowed a greater consolidation and a better adjustment for farmers. It is difficult to gauge what should be considered that better position in which the farmer should be.

In going around my riding and discussing the impact of farm credit on the economy, nearly all people agree generally, that farm credit has raised the price of land and inflated land values. Such credit has created problems connected with overcapitalization, particularly for young farmers who, in view of current, reduced grain prices, have been finding a great deal of difficulty in meeting their payments. Certainly, a survey of the value of grain marketings in western Canada would indicate that the higher prices paid for land are not really related to the productive value of land. For instance, in 1952-53, grain receipts totalled $1,132 million. In 1960-61, they amounted to $708 million. There was a gradual rise in prices, to the peak of $1,353 million in 1966-67, which was followed by the disastrous decline to $860 million in 1968-69. There has been little change since then. We are told that record numbers of bushels have been sold and are being shipped from our ports.

An examination of the money involved will show that few additional dollars are available to the farmer, for reasons that are quite obvious. The record is being set in barley. If the estimate of 250 million bushels is reached, the value per bushel will be small. In addition, the price of wheat on the world market has been substantially reduced in recent years. Even if we reach the estimated figure of 400 million bushels, not a great deal of additonal money will be involved. The situation of the farmer is being made worse by the steadily rising cost of production. This has put him into an economic squeeze and has prevented him from attaining what he considers to be his right.

May I say, Mr. Speaker, that the tax policies of the three levels of government are increasing the farmer's costs of production. Our basic tax structure is having that effect. The effect of the low price of grain on farm credit is very great indeed. The western grain farmer, finding his price set in the world markets at a time when those prices are dropping, is in a particularly difficult position. That position can be made worse by the sort of sales failure encountered in 1968-69 or the sort of price failure that has occurred in recent years.

The problem of farm mortgages has been with the western Canadian farmer almost since the beginning of the grains industry in this country. Those who remember the so-called "dirty thirties", when mortgage companies foreclosed on many farmers, also remember that it was necessary for the government to pass the debt adjustment act to safeguard farmers and save a portion of our farming industry. Since then, conditions have improved. However, at present, in view of low cash incomes, farmers are again in difficulties, particularly those with high capitalization problems who may have encountered, for various reasons, an unfortunate set of circumstances.

I think we can now examine what the effect of all these factors has been on the farm grains industry. First, we are considering an industry which is using newer farming methods. The advent of the tractor enabled the farmer to dispense with his four or six horses and use the equivalent of 30, 60, or even 120 horses available with his tractor. This being so, it is quite obvious that the individual

farmer could cultivate more acres than previously. Of necessity, many grain farms had to be consolidated into larger units. However, a survey of any given group of farmers will show widely differing circumstances affecting the individuals within that group. Some of the farmers to whom I refer might be small farmers working with a quarter or a one half section of land. Some might be young farmers; in many cases, the farmers would be older. If a farmer were displaced by a neighbour who used farm credit to buy him out, in many cases the farmer who left the farm was too old to acquire a good skill or job in the industrial field. On the other hand, perhaps he was too young to retire.

The use of farm credit, which has brought about the quick consolidation of farms within about 20 years, has had a profound effect in that it has helped to depopulate the rural prairies. In my own area, according to the latest census, between 1961 and 1970 the population has dropped by about 5,000 people. Considering the size of the villages and towns of my area, one can well say that the rural population has decreased severely. Perhaps farm credit should not be entirely blamed for this because the advent of consolidated schools many miles away in the village or town has also had a profound effect. There were lesser things which had an effect, too, such as the closing of small post offices and the building of hospitals in larger communities as a result of which older retired people were closer to medical services. These and many more factors had a profound effect on the rural population on the Prairies. I am sure there will be widespread disagreement about whether this has been beneficial.

• (1510)

My observation of the rural Prairies has been that more than anything else, the agricultural farm credit has been very useful in the consolidation of land and, apparently, in making farmers more productive. However, it has created a significant social problem. Even without farm credit, there would have had to be a consolidation of farms in the grain areas, but the use of farm credit has hastened that process. Farm credit has not been as beneficial as it might have been. I think the reason lies in the fact that farming is not a monolithic industry, such as pulp and paper, mining or some manufacturing industries. It is made up of many small and relatively insignificant economic units. It varies from a few acres to many thousands.

A family farm provides the basic needs of food and shelter for many people. It is interesting to note that relatively small farms with a quarter or half section provide the farmer with a standard of living that in many ways seems comparable with that of his neighbour who farms on a much larger scale and whose farm is apparently much more productive. The reason seems to be that much of the efficiency and productivity of the larger farm is lost as a result of his higher costs. This may indicate that when an individual farmer increases his acreage, and thereby the production of his farm, with the same amount of manpower, the displaced farmer moves further up the ladder to the feed mill in town or into the retail end of selling food. Statistics indicate that the number of people involved in the passing of food from the farmer to the consumer has remained relatively constant at about 30 per cent of the people engaged in our economy. One of the most significant consequences of the use of farm credit is that loans would be given out in such amounts that they would, in effect, amount to a subsidy to farmers extending their operations by buying out their older neighbours. If farm credit should be used as a subsidy, it would not entirely improve the lot of the farmers.

An interesting editorial in the Manitoba *Co-operator* of June 3, 1971 entitled "Dubious Objective?" discussed the findings of Charles L. Schultze of the Brookings Institute in the United States. This study dealt with the effects of the United States farm price support program on the farm economy, but the findings could be applied to many programs being attempted or proposed for this country. Dr. Schultze showed that it is difficult, if not impossible, for the United States farm price support program to increase the farmers return on his own labour and investment to the point where it would be equal to what he could earn in a non-farm enterprise.

The Brookings economist found that in the long run, farm subsidy programs, related as they are to the production of farm commodities, tend to benefit farmers chiefly in their role as land owners and not in their role as farm operators. It seems that too many farmers will accept a less than parity return on their own labour while still remaining in agricultural production. Dr. Schultze wrote, and I quote:

> If this is true, then any attempt to increase income above that level by a price-support program will result in a rise in land rents which will gradually be capitalized into higher land prices—
>
> In turn, with higher land prices, a subsequent calculation of parity income will show that price support programs have not improved the relationship between actual and parity income, since the parity rate of return, applied to the higher land prices, raises the level of parity income right along with the rise in actual income.

In essence, where there was a price support policy, first generation owners captured the benefits in the form of capital gains when they sold the land. Second generation owners lost many of these benefits through high carrying charges. If there is any removal or reduction of price supports or subsidies, there will be substantial losses to second generation land owners who are paying sizeable carrying costs in the form of mortgage interest. What the economist was saying was that where subsidies are given, they clearly do not have the required effect because of the basic conclusion that most farmers will accept a less than parity return on their own labour in order to stay in agriculture.

If farm credit has many virtues, it seems it also has significant dangers. Perhaps the most significant responsibility lies with the official of the Farm Credit Corporation who must decide whether a particular individual should receive a loan. One of the most significant decisions he must make is whether or not a particular farming enterprise will be a viable operation, and whether the farm credit will increase the viability of that operation. Obviously, this is extremely difficult because what was an obviously viable farm operation in 1966 may not now be a viable operation.

As far as the grain industry is concerned, those who grant farm credit lean towards making the medium sized farm larger, but tend to shy away from increasing the size

of the small farm. Perhaps this is because the small farm cannot show the initial capital, and the management skill of the farmer is doubted by the farm credit official. The farm credit official must make judgments and must often make loans to quite young farmers. Unfortunately, many of these young farmers have not yet attained the ability or management skill to cope with a change of circumstances such as an unexpected fall in prices or a crop failure. Also, the young farmer or perhaps his wife may not wish to remain on the land and this creates some difficulty.

One of my greatest concerns is the lack of diversity available to the prairie grain farmer should there be bad times for his grain growing enterprise. In the past, a grain farmer could keep some pigs, milk cows, turkeys or cattle to supplement his income and have a truly mixed farm. One of the advantages of low capitalization where a farmer's labour content was high was that he could change over his barn to keep hogs, chickens or milk cows at a small expense. However, in recent years, this avenue has been closing for the individual farmer. The proliferation of marketing boards, quotas and so on has seriously reduced the elbow room which enables a farmer to change his farming ventures and keep his head above water.

By means of quota restrictions, the Canadian Dairy Commission enthusiastically and effectively moved the farm separated cream industry out of western Canada and gave the quota to the province of Quebec. We now have the situation where the province of Manitoba is a dairy deficient area, into which seven million pounds of butter are shipped at the taxpayers' expense and where many farmers are asking for a cream quota. The answer of the Dairy Commission is that a small producer of 600 or 700 pounds a year is inefficient, and that these people would be better off if they where phased out. Their quota should be reserved for the larger and more efficient operator. But the fact that a producer milks cows by hand for a few hundred pounds of butterfat each year does not mean he is inefficient, particularly when it helps to keep groceries on the table. In my own riding failure to obtain a quota has meant that some families have left agriculture when they might well have remained on the farm. This has been particularly so over the past few years when returns from grain have been so poor.

• (1520)

In Bill C-176, the government has paved the way for the establishment of marketing boards which will control the industry by means of quotas. As I see it, imports will also need to be controlled in order to keep the market stable. It will, of course, be necessary to ensure that quota holders are reliable and able to produce the amount their quota calls for. This inevitably means that the small producer will get short shrift from marketing commissions and boards, because the commission will require reliability. The bother of supervising many small producers will be too great for them. In my own province of Manitoba, a person cannot turn to cream production at the present time because there are virtually no quotas available. The few which do become available are from farmers who retire or who sell their farms.

The number of turkeys which a producer is allowed to raise without applying for a quota is somewhere between 200 and 300. Again, in the area of broiler production, efforts at curtailment appear likely, and, obviously, under the direction of a national marketing broiler board, the farmer who might be primarily a grain farmer but who wished to augment his income by broiler or chicken production will be out of luck, especially if his operation is of the so-called family farm size. The operations of the egg marketing board will have a similar effect. Regulations in the interest of public health further restrict a producer's ability to move into egg production.

The hog commission in Manitoba is already instituting a quota system. In this case, hog producers will not be able to get quotas from their neighbours by buying them, or being given them. The commission seems intent on maintaining the privilege of allotting quotas. What does this mean? It seems that quotas will be given, not on the basis of fitness or ability to produce, but at the whim of the head of the commission. He may turn down a farmer because he does not like him personally, or because he is of a different political stripe, or because he wears a green tie. This, again, will seriously restrict the ability of a farmer to diversify his income should he encounter difficulty in meeting his loan payments. Cattle raising remains. But with the passage of the marketing bill, it appears it will only be a matter of time before the supply of finished cattle from western Canada is reduced in order to allow more of the finishing to be done in eastern Canada.

What remains for a farmer whose grain growing operations are in a bad way and who is unable to meet his loan payments? What alternatives are available to him? Obviously, the only real alternative, if he does not possess a quota entitling him to produce, is to work off the farm or to send his wife out to work. I do not think this is the best means of retaining a viable and efficient farming industry. It occurs to me that by establishing marketing boards, applying quota restrictions and so on, we are building up a bureaucratic apparatus which will not serve us very well. We ought to look at what is happening in the European Common Market. Farm marketing there has been so beset by fees, quotas and so on that the resulting situation is one of the prime reasons for the predicted head-on trade war between ECM and the United States market. In Europe, even the manufacturers are complaining that high agricultural prices are reducing their ability to compete in the world market. We ought to be very careful before moving further in a similar direction.

As to the operations of the Farm Credit Corporation, as far as they affect the grain industry, may I express the hope that loans from the Corporation are not the only means whereby farmers are able to acquire land. I would hope that conventional lending agencies such as banks, credit unions and mortgage companies, continue to have a share of the business. Should the Corporation assume what amounts to a monopoly in connection with farm mortgages, this, to me, would indicate that it is being too generous in its mortgage policy. It would seem to me that a case could be made for giving young farmers, at least once in a lifetime, some assistance in starting a farm either by allowing them a low interest rate for a specific number of years, or in some other manner.

There is one other suggestion I have to make in connection with mortgages. At the present time it seems that a farmer who applies for a loan is required to mortgage all his property in order to qualify. It appears to me to be more logical that each parcel of land should stand on its own. Farmers might then tend to be more careful when borrowing money, and loans would be more directly related to the actual productivity of the land. There would be a further advantage. If a farmer were so unfortunate as to be in danger of losing his land and going into bankruptcy it might be possible for him to salvage, say, one quarter of the land; he would not lose his farm completely. At present there seems to be no way in which a farmer who has fallen on hard times can salvage something in compensation for his labour. There may be areas of farming in which the limit of $100,000 on any single loan is a reasonable one. I doubt, however, whether a loan need be as large as this in the grain industry today. In my view it would not be good for a large proportion of our agricultural land to become mortgaged to the state.

Whatever else may be wrong with Canadian agriculture it is certain that individual farmers here are much more efficient than their counterparts in a state-run economy such as Russia, and able to produce a great deal more. It is generally agreed that the agriculture industry in Russia should perform much better than it seems to be doing; in this context it is significant that some 40 per cent of the Soviet people are still working on the land. It is my belief that the mortgaging through the Farm Credit Corporation of an increasingly large proportion of our farmland will eventually amount to government control of agriculture with a consequent loss in efficiency. Many of the so-called land bank schemes will, in fact, work in this way. The leasing of land from government sources seems to result, inevitably, in inefficiency, causing an increase in food prices without, however, benefiting food producers to any significant extent.

In conclusion, I suggest that this bill should be given a thorough examination in committee, bearing in mind that the making of large government loans to individual farmers, creating a heavy capitalization, carries with it many social and economic implications of which we are only now becoming aware.

Mr. Doug Rowland (Selkirk): Mr. Speaker, by way of beginning I will say that I am not going to be very long so that whoever is to come after me may prepare accordingly. If there is a theme to what I am about to say it is this: with the possible exception of clause one and the related clauses of this bill, I find myself to be in agreement with its provisions and I would say it is a reasonably good piece of legislation.

Some hon. Members: Hear, hear!

Mr. Rowland: However, and this is the point, farm credit legislation, even good farm credit legislation, is useless unless farmers are in a position to take advantage of it, and today they are not. The farm economy is so depressed and the farm cash income so low that too many farmers are already finding great difficulty in meeting their obligations to the Farm Credit Corporation. The experience of the last three years will, I predict, make farmers extremely reluctant to take advantage of the changes in the legislation provided in this bill. If the measure is ever to have the effect the government intends, then the government must first take action to improve the dollar return to the farmers and to introduce an element of stability into farm cash income. And any such stabilization plan must be based on net, not gross, farm income.

If this legislation is to have beneficial effects, the government must first remove the farmer from the effects of the cost-price squeeze in which he now finds himself trapped by taking, in addition to the measures I have just suggested, immediate action to implement the major recommendations of the Barber Commission on Farm Machinery, for example. That is the point I wish to make. However good farm credit legislation may be, it is doomed to be ineffective, indeed useless, unless conditions are first created which will permit those for whom it is intended to use it. Those conditions do not now exist in the agricultural sector of our economy, and despite the fact that this government has been in office for four years it has done very, very little to create those conditions.

• (1530)

To illustrate, may I read into the record two questions placed on the order paper by my colleague the hon. member for Battleford-Kindersley (Mr. Thomson) and myself respecting the Farm Credit Corporation as it is presently constituted, and the replies that we received to those questions. First, my question No. 402, answered on Wednesday, April 19, asked:

> What percentage of farmers having loans with the Farm Credit Corporation have been unable to meet their obligations to the Corporation during the past two years?

The answer was as follows:

> The percentage of all borrowers in arrears increased from 6.4 per cent in 1968 to 9.9 per cent in 1969 and to 15.1 per cent in 1970.

Then I asked:

> Of those farmers who have successfully met their obligations, what percentage have been forced to borrow money from other sources in order to make their payments to the Farm Credit Corporation?

The answer to that question was "information not available". Then, I asked:

> If the information requested in part 2 is not now available, is any attempt being made by the Farm Credit Corporation or any other government department or agency to obtain such information?

The answer to that was:

> No. The Corporation does not believe it should, nor does it have the power to, require borrowers to declare the source of funds with which they make their payments.

It is well known to all of us with any association with rural communities that a great many farmers are paying back Farm Credit Corporation loans by borrowing money from their families, relatives and friends, and their debt position is increasing. The figure of 15.1 per cent would be considerably higher if farmers did not have families, relatives and friends to draw on in times of difficulty.

The question of my colleague from Battleford-Kindersley asked:

> What percentage of Farm Credit Corporation loans were in arrears in each province in the years 1969, 1970 and 1971?

The reply was as follows:

The Farm Credit Corporation advises that as of the end of the fiscal years the amount remaining in arrears as a percentage of the amount due during the year was as follows:

Then followed a table for the three fiscal years. In the year 1969-70, the amount in British Columbia was 15.5 per cent; in Alberta, 19.3 per cent; in Saskatchewan, 11.6 per cent; in Manitoba, 14.0 per cent; in Ontario, 7.8 per cent; in Quebec, 3.8 per cent; in New Brunswick, 4.9 per cent; in Nova Scotia, 10.2 per cent; in Prince Edward Island, 11.3 per cent, and in Newfoundland 7.8 per cent. I will skip the intervening year, but in 1971-72 British Columbia showed a slight decrease to 14.9 per cent, Alberta increased to 21.0 per cent, Saskatchewan to 21.1 per cent, Manitoba to 24.7 per cent, Ontario dropped to 7.0 per cent, Quebec increased to 4.5 per cent, New Brunswick to 6.2 per cent, Nova Scotia down to 7.5 per cent, Prince Edward Island increased to 14.3 per cent and Newfoundland to 13.9 per cent. Those figures are staggering and they demonstrate just how greatly depressed is our farm economy, especially in the west. They also, I submit, cast severe doubt upon the ability of the farming community to avail itself in any significant manner of the improvements in the farm credit legislation which the bill represents.

To give the devil his due, there are, as I have said earlier, a number of provisions in this bill which I look on with favour and I might mention some of them. I like the idea of changing the word "necessary" in the act, with respect to when loans may be provided, to the words "will facilitate", so that loans may be made for any reasonable purpose related to the acquisition, operation, maintenance or development of a farm business. I like the idea that the provisions of the Farm Credit Corporation Act will apply only to Canadian citizens or landed immigrants. I like the idea of increasing the amount of money available to farmers. Even single farm operations nowadays grow large enough to require the amount of capital input that this act will now make available.

I like the idea of the Farm Credit Corporation making money available to farmers to undertake an enterprise on their farm that is not directly related to agriculture, so they can supplement their farm income and stay on the land. I like the idea of allowing persons to remain on the land for a period not exceeding their lifetime or the lifetime of their spouse if the land should pass from their hands. I also like the idea of making the age of majority, according to the legislation, correspond with provincial legislation since many provinces have now reduced the age of majority.

Indeed, as far as the actual provisions of the bill are concerned—I speak of its contents, not those things which it omits to include—I can find very little with which to quarrel. However, I am somewhat troubled by clause 1 of the bill, as I said earlier, which provides that section 11 of the act be amended by adding after subsection (1) the following:

The Corporation has all the powers necessary to carry out such duties or functions as may be assigned to it by the Governor in Council in relation to the administration of any agricultural program or as are assigned to it pursuant to any other Act of the Parliament of Canada.

It is apparent from the minister's remarks when introducing the bill for second reading that the section is designed to enable the Farm Credit Corporation to administer the farm adjustment program, the minister's conception of how to help the small family farm. We do not yet know the details of that program, we do not know how it is to operate. Indeed, most of us have gained at best only a fuzzy understanding, from the minister's statements to date, of the principles which will govern the operations of the plan. Passing this clause of the bill as it now stands gives the government carte blanche to operate as it chooses in the area of farm adjustment, and that is the kind of power that any legislature would be mad to give the executive arm of government except in the most exceptional circumstances. I know that clause 1 will come under intensive scrutiny by the Standing Committee on Agriculture when the bill comes before the committee, but I would urge the minister to accept the fact that such scrutiny is entirely warranted in view of the magnitude of the powers he is requesting for himself and his cabinet colleagues. I urge this view on the minister, especially in light of his repeated assertions that he wishes the legislation to have hasty passage.

For example, it would seem from the minister's statements on the farm adjustment program that the program will actively discourage the part-time farmer, the man who may have a marginal farm but who enjoys farming and wishes to stay on the land and to supplement his income by working in a town, in industry or in commerce. I stand to be corrected if that is not the purpose of the minister's farm adjustment program, but that is the understanding that I gained from reading his speech. If this is the case, if the minister does actively wish to discourage the part-time farmer, then I wonder if this kind of policy is wise. There is already an over-concentration of population in our cities, and this concentration is increasing. I am wondering whether we should not be doing everything possible to arrest or to reverse this trend till such time, at least, as our cities are able to cope with the problem that is generated by this massive increase in population, this massive influx of people in their late forties and early fifties who are looking for work and have been trained to work on farms, not in industry.

• (1540)

It would seem to me there is a practical virtue in doing everything possible to reduce the flow of people from rural parts of this country to the urban parts, at least until such time as we know how to cope with the concentration of population in the urban areas which we do not know how to do at the present time. If I am correct in the assumption that it would be best to arrest that flow, and if I am correct in assuming that the minister's adjustment plan would actively discourage the part-time farmer, and it would seem to me these two ideas are in conflict, the minister should have another look at the adjustment program, and this House should consider it and discuss it before any action is taken. This bill would allow the minister to put the program into effect virtually through order in council. That was really an aside, and I shall now return to the main theme.

I very much fear that this legislation, which is reasonably good when you look at what the bill includes and not what it excludes, will not accomplish the objectives the minister desires simply because the necessary steps have

not been taken to assure farmers of the kind of stable level of income necessary to permit them to take advantage of the plan.

Hon. J. A. MacLean (Malpeque): Mr. Speaker, in rising to take part in this debate I find myself with many of the apprehensions about the present course of farm policy just expressed by the hon. member for Selkirk (Mr. Rowland). I suppose, therefore, I should thank him for making part of my speech for me.

Having regard to the amendments themselves, in light of the philosophy from which derives most government farm policy in Canada at the present time, I have few serious reservations about them. I feel it is appropriate under the circumstances that the maximum amount of a loan should be raised and that the restrictions, in some cases, placed by the present legislation on farm improvement loans applications, should be repealed. The increase in the total capital of the corporation from $56 million to $66 million is no doubt appropriate and will allow the corporation to have lent to it 25 times that amount, which is something like $1.4 billion. As the hon. member for Selkirk has pointed out, loans should be made in cases where they will facilitate the operation of a farm and not only where they are necessary for that operation. It is important as well that the maximum loan, regardless of the type of ownership, should be at the same ceiling of $100,000.

There are other good factors such as the continued use of the home, not including the buildings on the farm establishment, for security of the loans, and the adjustment or flexibility in respect of the age of persons making loans, considering the changes which have recently been taking place in some provinces in respect of the age of legal majority.

I support the amendment proposed by the hon. member for Mackenzie (Mr. Korchinski) as I believe it will improve the bill. Having said that, I have grave doubts about the whole direction farm policy is taking at all levels of government in Canada at the present time. Farmers generally have an overwhelming apprehension about the fact that their fate is being sealed by some mysterious backroom boys in the apparatus of government who have little real understanding of or sympathy for the rural way of life, or any understanding or appreciation of the rich rural culture that has contributed so much to Canada up to now and which is now being blotted out. Whether it is being done overtly, unintentionally or represents a change in conditions I do not know, but we should have some control over whether or not that should be the trend. Whether we could have complete control, of course, is another thing.

Coming from Prince Edward Island as I do, I am fully aware that we down there have been sort of the guinea pig for the policies which the theorists would undoubtedly apply to the whole of Canada if they had the chance. When one reads government farm policy he sees that it frequently compares favourably with a treatise on how the New York Rangers should be coached, written by a self-appointed expert of ice hockey who has never been out of Tahiti in his life. I do not think it is necessary that this should be so, nevertheless it is the case.

[Mr. Rowland.]

Let me quote briefly from a statement made by Theodore Geiger, Head of the International Studies Section of the National Planning Association of the United States. This is Written in *Dialogue* and is from volume 4, 1971. He states:

> The need to be aware of the wide range of social and cultural factors, not commonly taken into account in devising government programs, and the fact that this knowledge depends largely on empirical investigation rather than on *a priori* reasoning, make the problem of involving the small farmers effectively in the economic growth process one of the most difficult in development strategy. Moreover, many political leaders and government officials are inclined to shirk this task not only because of the lack of knowledge of how to do it, but also because they tend to identify the rural commercial-subsistence part of the private sector with the rejected traditional past and to see only its urban industrialized portion as the desired, modern future.

That expresses well the problem which Canadian farmers are up against. Their future and farm government policy it would seem are being devised and brought into being by people who neither understand nor appreciate the value of that type of life or the complexity of problems farmers face. There seems to be among these theorists a worship of bigness. They have over-estimated out of all proportion the economic benefits of scale, and they have pushed the utterly false assumption that if a farmer increases his efficiency he will reap the benefits. This has not been the case. As a matter of fact in the last 20 years or so the agricultural industry has increased its efficiency more than any other industry in Canada, but the farmer is not any better off. He is worse off. This is neatly illustrated in an article in the current issue of *Reader's Digest*, written by H. Gordon Green, former editor of the *Family Herald*, who gives an example of what I am talking about. Dealing with dwindling profits he writes:

• (1550)

> The story of Winston Hansen of New Denmark, N.B., is typical. Hansen grew up in one of Canada's best potato-growing regions at a time when potatoes were planted by hand. The labor to pick the potatoes and put them into barrels was supplied largely by the owner's family and schoolchildren. 'A man who planted 20 acres of potatoes, and had a fair crop, figured he had a good year,' Hansen says. 'The machinery he needed didn't cost much: a couple of hundred would get you a mechanical potato picker,—

I think that should read "a mechanical potato digger".

> —and if you couldn't afford that, you could use a horse and plow.' But those were the days when a 165-pound barrel of potatoes sold for $4. or $5. At that price a man could make his payments and still have a bit of money to put into the bank.
>
> The last $5 year for the New Brunswick potatogrower, however, was 1950—about the time when Hansen, like many other enterprising young farmers, began his struggle to make up for an ever dwindling margin of profit by becoming bigger and more efficient. Today he plants 225 acres, owns $55,000 worth of the latest equipment, has his own storage cellars and grading tables. A shrewd soil conservationist, he spends $60 an acre on fertilizer alone.
>
> 'It costs me $2.50 to produce a barrel of potatoes,'' he says. Yet the price for top-grade potatoes at harvest time in fall 1970 was only $2.25 a barrel.

That was 25 cents below the cost of production, and the sum he received continued to decline until the end of the crop year.

I represent a constitutency in Prince Edward Island where there is a big number of large potato growers. Most of these are family farms in a technical sense, but they are

large, highly mechanized operations. They have followed the same course as is cited in this article. Some 20 years ago they were getting along and making a living. Now I know of family farms that have followed the advice of the experts and have done what they were told would bring them profits. They have grown more, and become more efficient, but today some of these farms are in debt to the tune of as much as $120,000. Their assets in used machinery would not begin to cover their debts.

I am convinced, Mr. Speaker, that if a farmer's cost of production per unit for any product is $1 and the market price is 95 cents, and if he were able to double his efficiency and produce the same unit at a cost of 50 cents, given the present marketing situation his selling price would be only 45 cents, and he would be no better off. But the consumer would not be paying any less for his food, because the gains made through increased efficiency by primary producers have been swallowed up by increased costs of distribution and processing. This is also illustrated in the article in *Reader's Digest*, and I quote:

—few city people have any idea of how small a percentage of their food dollar goes to the farmer. For instance, top-quality green peas in July 1971 brought a Quebec grower only $120 a ton shelled and ready for the can—a mere six cents a pound. In 1971, Ontario farmers in Essex County got only $1.50 a bushel for sweet corn. The magnitude of the gap between such a price and what the housewife pays for the finished grocery item is best illustrated by the farmer who bought enough corn flakes to fill a bushel basket—and found that it cost him $26.75!

Of the $2.1 billion spent on Canadian food in 1949, farmers received $1.2 billion, or 57 per cent. In 1969, when consumers spent $6.4 billion, farmers received $2.9 billion, or only 45 per cent. Clearly, an ever-increasing percentage of the food dollar is going into the food-processing and marketing industry, whose 1969 revenue was $3.5 billion—half a billion dollars more than the farmers were paid for providing the basic product.

It is frequently said that in the average restaurant, depending on the content of a meal, the waitress who puts the meal on the table gets more as a tip than the primary producer gets for the food which makes up the meal.

Mr. Osler: She is usually better looking, too.

Mr. MacLean: Yes, but farmers are not in business for their looks.

Mr. Whelan: But there are an awful lot of good looking farmers.

Mr. MacLean: To show the percentage of the housewives food dollar that goes to the primary producers, these are some figures for the year 1971. They show that the average cost to the consumer of a 16 ounce loaf of bread was 21 cents, of which the farmer received two cents. The price of pork per pound to the consumer was 59 cents to 95 cents, and the producer got only 22 cents. The cost of a dozen of eggs to the consumer was 47 cents, of which the producer got 25 cents. A 42-pound box of apples cost the consumer $5.50, and the producer got only $1.92. A 48-ounce tin of apple juice cost the consumer 40 cents, but the producer got only seven cents. For milk, the consumer paid 35 cents per quart, of which the farmer got 17 cents.

It seems to me that many of the planners of our present agricultural policies, whoever they may be, are getting most of their ideas from textbooks that were discarded in eastern Europe about ten years ago. The huge, industrialized collective farm, which was the fad in eastern Europe, has not proven to be as desirable or as profitable as theoretician economists would have us believe.

Again, I quote from Mr. Green's article:

Perhaps our agricultural planners should cease to encourage the survival of the fittest for a moment, and remember that Danish agriculture, perhaps the most progressive in Europe, is still pretty much in the hands of the family farm; that the Soviet Union, for all its emphasis on collective farming, has had to permit farm workers to cultivate individual plots of land for private use and profit; that the strength of the new China derives largely from the production of peasants who still retain a share in the land.

• (1600)

The so-called benefits of scale are not the only way in which the problems of the farmers can be tackled. I maintain that it is not the only solution. I go even further and say that it is not a solution at all. I believe that time will prove me to be correct. Farmers have increased their productivity in the last 20 years more than almost any other industry, yet they have not benefited, nor has the consumer gained, because the savings of the farmers have been swallowed up in the skyrocketing costs of transportation and distribution. These costs are higher in cases where there is a great deal of specialization. For instance, in Prince Edward Island people eat carrots which were grown in Texas and turkeys which came from California. I would say that the benefits do not accrue so much to the highly mechanized farmer in California or to the consumer in Prince Edward Island but they go rather to the transportation and distribution system.

Agricultural elephantiasis does not make for increased efficiency either, I believe. Large areas under one crop are an abhorrence to nature and invite epidemics of every conceivable disease that a plant might have. They invite epidemics of insect pests which have to be dealt with by excessive uses of insecticides and other dangerous chemicals in most cases. It follows that in mass production of food, so far as perishables are concerned, the food must be subjected to excessive processing to preserve it. The result is that more and more of the consumers in North America eat highly processed food which—and I believe nutritionists will agree—is not as beneficial to humans as is fresh produce. I believe that there is room, as is the case in Europe, for the production of specialized perishable foods near the areas where they are to be consumed so that the consumer will have the benefits of a fresh product rather than frozen or more highly processed foods. The larger is the area that is used for one crop only, especially if it is not in rotation, the more the balance of nature is disturbed, forcing an excessive use of chemical fertilizers, insecticides, fungicides and other chemicals which in the long run poison the whole biosphere.

I am leery of the much heralded small farm assistance program, because we have had a sample of it in my province where the experts who believe that the solution of everything is bigness are offering to buy out marginal farms. This is beneficial to many farmers who are at the end of their productive years, and certainly they are entitled to any benefits they can receive, but in my humble opinion this will not serve to solve the agricultural problems in Prince Edward Island or anywhere else. There is a program to reduce the number of farmers in Prince

Edward Island from something like 6,000 to 2,500. If this is done, I predict that the 2,500 farmers who are left will be working harder, producing more food for less benefit, living a more unsatisfactory type of life, and going more deeply into debt than do the present 6,000 farmers. In addition to that, the ecology of the agricultural land in Prince Edward Island will be considerably more damaged than it is at present. I believe that the solution will not be found in expanding the size of the farms.

The benefits which may accrue from the economics of scale have, in most cases, been reached at the stage where reasonable mechanization could take place. To go on far beyond that stage, such as to 150 horse power tractors which cost many thousands of dollars, is, in my judgment harmful, unless the intention is to destroy the family farm entirely. If that is the intention, I think the situation is grave. Let us not forget that this country was built in the last century and in the pioneering era on what were family farms. It is the family farms which have contributed more than their share toward building this country, raising families who have contributed more than their share to the professions, to the sciences, to education, to religion and to many other endeavours in this country than have their city brothers.

As the hon. member for Selkirk said, surely we must not encourage too greatly the migration of rural people to urban areas, at least until such time as we can design and bring into being an urban area that is liveable for everybody in it, where everybody can have a job, and where everybody can aspire to a reasonable quality of life. That is not the situation at present. However, I have hopes that lessons will be learnt in time to prevent unfortunate trends from continuing unduly.

I should like to quote again from Mr. Geiger as follows:

> Evidence from all parts of the developing world suggests that small farmers will adopt technological improvements in response to price and income incentives under conditions that do not threaten certain other values and objectives important to them. As the "green revolution" is showing, small farmers at or close to minimum subsistence income levels will endeavour to increase production and productivity in response to satisfactory prices (a) if the necessary innovations in agricultural inputs and cultivation techniques are available and within their means; (b) if such changes do not significantly increase the customary risks that affect the probability that they can continue to raise at least the minimum output essential for maintaining their families; and (c) if a sufficient percentage of the increased income thereby generated will accrue to their benefit and not to that of landlords, moneylenders, merchants and tax collectors.

• (1610)

I think that is the key to the whole thing, Mr. Speaker. At the present time farmers are encouraged to borrow up to $100,000; at current interest rates of, say 8½ per cent, that would cost $8,500 per year. If a farmer had $100,000 in hard cash, I doubt if he would invest it in more machinery and land. Under present conditions he would be more likely to continue farming on a small scale and buy $100,000 worth of securities—perhaps even federal government bonds—and live happily ever after.

I am reminded of a story about three people who held winning tickets on the Irish sweepstake. The first was a taxi driver and when asked what he would do with his $125,000, he said that he was going to pay off his mortgage and send his children to college. The next winner was a widow who said that she was going to pay off all her debts and then buy a nice home for herself and her children. The third winner was a farmer and when asked what he was going to do with this $125,000 he said "I guess I will just keep on farming until it is all gone".

Some hon. Members: Hear, hear!

Mr. MacLean: Mr. Speaker, my remarks may have sounded pessimistic and I have reason to be pessimistic. However, I am also optimistic in that I think the rising generation will have a better standard of values than we. The young people in our universities are already indicating a greater appreciation of enduring values and I think in their hands a suitable solution will be found. If I may quote again from Mr. Green's article in the *Reader's Digest*, it reads:

> The concern of youth. The new generation, with its growing interest in conservation and the simple life, may ultimately play the greatest role of all in determining what is to happen to farming. And if our youth should decide that the production of our food is much too important an industry to surrender to millionaires and cartel farming, and that the green acres still left in this country are too precious to entrust to a sort of landed gentry, all the professional predictions about the inevitability of our farms growing continually bigger and fewer won't mean a thing.

Thank you, Mr. Speaker.

Mr. E. F. Whelan (Essex): Mr. Speaker, I do not intend to speak very long in this debate, but as one who has had some personal experience with farm credit and Farm Credit Corporation, and who has listened to a lot of farmers tell how they think it should operate, I must say that I think the Farm Credit Corporation and farm credit in Canada has come a long way. However, when one compares what has been done in this country with what has been done by countries in direct competition with us, to aid their farmers, it is evident that our Farm Credit Corporation has a long way to go yet.

Some years ago, a suggestion was made that farmers whose application for a loan had not been allowed should be able to proceed to an appeal board if they felt they had been dealt with unfairly. These appeal boards were fairly good but did not go as far as many members of parliament and farmers thought they should in aiding those whose applications had been turned down by the Farm Credit Corporation.

It is my contention that the Farm Credit Corporation did not follow the intent of the original legislation which was to lend money to those farmers who could not get it any place else—those farmers whom nobody else would trust. A study of the loss ratio over the years shows that the Farm Credit Corporation took very little risk. In the last three or four years the loss ratio has been practically nil. A comparison with farm loan associations in other countries shows that we have a long way to go to meet what they have done to aid their farmers. I am thinking specifically of the U.S.A., with whose farmers ours compete, and where the standard of living is comparable to ours.

I have visited farm loan associations in the U.S.A. to learn how they operate, and I have suggested that the same thing should be done here. There was one example of a young couple who wanted to buy a farm but they did

not have the money, although they had a farm picked out. They went to their local farm loan association and their adviser suggested they should look around to see if there was not something which suited them better. They found another farm which needed a lot of work. The loan association improved the land by terracing. They improved the house, the buildings, the drainage system, equipped it, stocked it and said to the young couple "Now, you are ready to go farming under our supervision". One of the amazing things is that the farmers like this type of supervision.

The young couple were supposed to pay a certain amount off their loan and then eventually apply for a different type of loan in order to allow the money they had borrowed originally to be turned over to someone else in circumstances similar to theirs. We have not done this in Canada and I think this is one of our problems. I feel that when loan applications are appraised, the human need is not always considered. I have already explained this to some degree in the example of buying the farm which needed so much improvement and turning it into a productive economic unit. Our Farm Credit Corporation does not seem to have recognized the value, in human terms, of restoring property as have some farm loan associations in other countries. We need that type of close working relationship to make our loan association what many farmers think it ought to be.

• (1620)

We hear much talk about rates of interest, about our lending too much money to the agricultural producer and that if we lend him as much as this bill contemplates we shall get into trouble. May I read a telegram sent to me by the Canadian Federation of Agriculture. It reads:

> The Canadian Federation of Agriculture believe it important that the upper limit on farm loans in Bill C-5 (an act to amend the Farm Credit Act) be raised to DLRS250,000 for partnerships, family-held corporation and co-operatives. Beyond this the Federation approves the changes in the bill. This policy request was made by the CFA Board of Directors at a recent meeting.
>
> It is also standing policy of the CFA that in the interests of assisting orderly developments of agriculture and transfer of farm properties in this high capital cost and rapidly changing industry, that the interest rate on loans under the Farm Credit Corporation should be set at 5 percent.

Perhaps the interest rate should be set at 5 per cent. I know that farmers in one province of Canada do not even pay 5 per cent on farm loans. A former premier of Quebec introduced a provincial farm loan program under which farmers who borrowed $15,000 or less did not pay all the interest, the government paying part of it. A farmer who borrowed did not pay all the interest, but only 2½ per cent. The provincial government of Quebec paid interest over and above the first 2½ per cent. Actually, in many cases, producers paid only 2½ per cent on loans taken out in that province. Those producers are at an advantage, as compared with producers in other provinces who must compete with them. Considering that a farmer on the Quebec side of the Ottawa river can get a loan more cheaply that a farmer on the Ontario side of the Ottawa river, how can anyone say that farmers in Canada are treated equally? When one considers interest rates farmers have to pay, I submit that our national frontiers are not the only frontiers farmers must consider. I have always maintained that if I were going in for broiler production now, and I have said this in the standing committee, I would go over to the Quebec side because I could produce them more cheaply than in Ontario. I could get my feed more cheaply and my money more cheaply. When I first talked about this, nobody paid much attention to me except the feed companies. The smart operators moved to Quebec and, by producing cheap broilers, for a time created chaos in the broiler industry.

I well remember before becoming a member of this great institution, Mr. Speaker, buying the farm next door to me. I made the down payment and applied for a farm credit loan. Three days before the election I received a letter pointing out that, under some particular section of the act and I do not remember which one, I was not eligible for a loan. I was told that I could not get a loan because I was running for parliament and, according to the law, it was illegal for a Queen's representative to obtain a loan from the Queen. I was not what you would call a Royalist at that time, but after receiving that letter my feelings, I tell you, were even more lukewarm than they had been. Actually, my wife did not show me the letter until after the election. So, I won the election, but lost the loan.

The interest that I am paying on the mortgage, which is still running, is at 7 per cent. Also, I am paying 9 per cent on other money, because I am a member of the House of Commons. I do not know whether one could say I am being discriminated against. At any rate, I cannot go along with the suggestion of the Farm Credit Corporation that the interest rate should be set at 5 per cent. I do say, however, that the rates for agricultural producers should be no higher than those that our city cousins are called on to pay because, in some instances, farmers are paying much higher rates of interest.

In the booklet, Federal Farm Credit and Related Statistics, 1971, some interesting comparisons are set out. These statistics reveal that Farm Credit Corporation loans for 1969, on average, bore interest at 8.2 per cent; Industrial Development Bank loans bore interest at 11 per cent; supply companies are shown as charging 16 per cent; the rate for private individuals was 8 per cent, on average. Bank loans, other than farm improvement loans, are shown as bearing 9.5 per cent, and farm improvement loans made by banks are shown as bearing 8.3 per cent. On the other hand, finance companies lending money for cars and trucks charged 18 per cent, and the treasury branches in Alberta charged 9 per cent. So, one can see that although the rates of interest charged by the Farm Credit Corporation are probably higher than one would like, they are probably not all that bad.

I agree with both the speakers who preceded me who suggested that the wrong people are deciding how much credit should be extended to a farmer under a farm credit corporation loan. I think this is true. Too many of the wrong people are making these decisions, and I condemn them. I have said in this House and in the committee that too many economists are involved in these matters. I have not known one to be right and I have not known one to make a humane decision. Economists make the cruelest decisions one can think of and I say that the Farm Credit Corporation bill lacks the humane approach. There seem

to be few humane considerations in the criteria governing loans. I would welcome any move which would make the Farm Credit Corporation legislation a more humane piece of legislation than it is at present. Perhaps this will happen when we discuss the bill in committee and learn something about its background and what is intended. In the meantime, I do not see very much wrong with raising the limit of loans on family-held corporations and co-operatives to $250,000.

I did not realize that, since I am over 45, I am not eligible for a Farm Credit Corporation loan, as proposed here. Why should this provision be included in the bill? After all, I can borrow from the International Development Bank without difficulty. Little restriction is placed in one's way. That is not so with the Farm Credit Corporation. I think we are being a little sticky with this age limit, because there is a suggestion here that we are not placing too much faith in our agricultural industry. We should place more confidence in our agricultural industry. Surely, it is realized that farmers today are healthier than they were years ago, and that they probably will live longer than Farm Credit Corporation officials think they will. In time they might even pay off their mortgages. Even if they do not pay them off, the farm units will still be there. I know many farmers in my area are still active and expanding their holdings. They are still trying to get ahead of costs by becoming more productive. The hon. member for Prince Edward Island who spoke just now about agriculture was quite correct. I do not know how our city cousins view agriculture, but I do know that in no other part of our society are the returns smaller on any given investment. Few industries are more productive than the agricultural industry.

You know, Mr. Speaker, we talk about serving our country, and about the great deal of money we are putting into agriculture. Really, when you consider it, the amount of money to be put into the Farm Credit Corporation is infinitesimal. As I say, the amounts we are to make available to our farmers are infinitesimal when we compare them with the amounts we are giving to industry. Do not forget that in Canada over 50 per cent of our people earn their livelihood from the food producing and associated industries. Yes, 50 per cent of Canadians earn their livelihood from these industries.

When I look out of my window at home, I can see a $30 million plant that was put there by some of the most highly educated people in Canada, if you measure education in terms of the PhD. This plant never really got into production before going bankrupt because the owners had not done their homework properly. The system did not work. If the Farm Credit Corporation showed a loss of $31 million, there would be newspaper articles written all across this land stating that the farmers do not pay their debts. The government had invested $11 million in this plant, and the remainder was provided by Canadians who invested in stock. They probably will not get five cents on the dollar for their investment.

• (1630)

Why do I make this comparison? I do so because many people do not understand that this type of thing is happening. However, when a little bit of money is given to the farmers, everyone hollers bloody murder because the agricultural producers are again being given a subsidy. The province from which I come produces one third of this nation's wealth, but my part of the province receives the least subsidy of any agricultural part of Canada. These are efficient producers. All they want is a chance.

[Mr. Whelan.]

I wish to make a comparison of the loans made to farmers in the area I represent and the area right next door to me. These loans are made by the Farm Credit Corporation for every kind of farm corporation that exists in Canada. I give them marks for doing this. In our area we have vegetable farming, fruit farming, greenhouse farming, that is farming under glass, grain farming of every description, mushroom farming and whatever else you can name. The Farm Credit Corporation had the foresight to lend these people the limit allowed under the present act. Many farmers in that area who applied for loans were turned down. A tremendous number of the people to whom the Farm Credit Corporation makes loans are new Canadians. The Farm Credit Corporation recognizes them as capable technicians. However, people in another part of the government of Canada do not think these people can make a way of life for themselves which will qualify them to become landed immigrants. Some of the most successful farmers in that area came here after the last war.

We do not know how many of these people are discouraged from applying for loans, even to the extent of being told not to send in $10 for an application. There are no statistics to show how many of these people have become successful by borrowing from Shylocks and paying a very high rate of interest. I am concerned about people who borrow from the Farm Credit Corporation and must pay inflated prices for farm land. Many successful people, especially in some of the technical types of farm operations, did not borrow from the Farm Credit Corporation. They paid a higher interest rate than people are paying today on loans they obtained from the Farm Credit Corporation. I think the Farm Credit Corporation has a long way to go. The wishes and desires of the Canadian Federation of Agriculture must be authentic or they would not be making these representations which, I am sure, represent a certain point of view of many Canadians. They ask the government to go even farther than this bill does at this time.

I think Bill C-5 is a step in the right direction or the Canadian Federation of Agriculture would not be asking for it. If I had any further criticism of the Farm Credit Corporation and the bill presently before the House, it would be that the bill does not go far enough. However, I commend the minister for bringing forward this bill in its present form. At least it is a step in the right direction.

Mr. A. C. Cadieu (Meadow Lake): Mr. Speaker, I am very pleased to take part in this debate. I have been interested in the Farm Credit Corporation for a long time. I have become aware of many of the problems which the Farm Credit Corporation has had to face, not because of a lack of efficiency on the part of its staff, but because many farmers who made loans were forced to accept such low prices for their produce. Many farmers have had their backs forced against the wall, and been unable to meet their obligations. I think the increase in the amount of the farm credit loan may work out very well. However, with-

out this amendment, I do not understand just what these changes will accomplish.

Many owners of small farms, including young men and women, cannot make a loan of any kind in order to get started. They cannot obtain assistance through the Farm Credit Corporation. Many of these people have spent all their lives in agriculture. However, because they do not have anyone to back them up or give them a tract of land which the Farm Credit Corporation can use as security, these young people have been unable to obtain a farm. The Farm Credit Corporation has been of great help to many people, but someone has had to provide the security in order for them to obtain a loan. Therefore, I can understand the need for this increase. No doubt it will help many people. However, without the amendment, this program will do away with many more small farmers, and this is what we want to avoid. Many of us see the need for small farmers, whether this government does or not.

An hon. Member: Oh, oh!

Mr. Cadieu: The member opposite says "oh, oh". I wish to quote some unaudited figures as of March 31, 1972. These are for the area I represent. In my area there are 561 active loan accounts. Of these, 110 are in arrears. This represents 19.6 per cent of the total active loans. Of that number, 41 are less than one annual payment in arrears; 47 are one annual instalment in arrears; 19 are two annual instalments in arrears and three are three years or more in arrears. In all of Saskatchewan, there are 19,810 active loans. Of these, 3,930 are in arrears. This represents 19.8 per cent of the total accounts. I think this proves the necessity of the amendment.

Something has to be done about the present rate of interest. In many cases, the rate is as high as 8.5 per cent. With the prices these people receive for their commodities, I do not see how they can carry on. They are receiving less for their grain and other produce than at any other time in the past 20 years. Today, the dollar will only buy a little over 50 per cent of what it did 20 years ago. The farmers are in serious trouble. If we have enough confidence in agriculture, we should pass this amendment.

This government has given large amounts of money to other industries through forgiveness of loans. If we do not do something about this high rate of interest, many people will be in a lot worse trouble than at present. When we see that 19.2 per cent of the loans are in arrears, we realize that something must be done. Other industries have been given interest free loans to establish themselves. Many young people are trying to pay for their farms. If this amendment is not accepted, many of them will be forced to enter the labour market. This important fact has already been placed on the record on two or three occasions. I am sure all hon. members have read the amendment. Unless there is some forgiveness of many of these loans, we will be doing just what this government has been accused of doing, regardless of whether or not it has been doing it. However, it appears as if the government is going a lot farther toward eliminating the family farm.

• (1640)

I don't care where you want to go, I am sure you will find the same thing as I found. Some districts possibly had better crop conditions, there were different varieties or something, but when you take the percentage of land that is under development and when you go back to look it over, that is how it appears to me. I had the pleasure of being a supporter of the government which set up the Farm Credit Corporation and when I look back on that time, and what we were getting then by way of profit—yet we were only paying 5 per cent interest—I think this is what we must take a look at. We must come up with something in the way of forgiveness of some of this interest. I cannot see what point we are coming to. If they cannot pay when they are only able to get up to $40,000—and many get much less—and we are now making it possible for them to borrow up to $100,000, it is absolutely no good. It is good only for the monied guys, because anybody who is going to borrow $100,000 has to be worth 25 per cent of it before he can get it, and this is what we are up against today with the young people.

I know lots of young people who are anxious to get land to take up farming, but because they do not have fathers who are rich enough to give them 25 per cent as security, they cannot get loans. So, what are we going to do? We are going to eliminate the little farmer. The little fellow is the guy who is going to get it in the neck. He will have to go into some other industry. I think it is a shame that we have to throw these boys and girls off the farm without giving them some opportunity to get set up in farming. I believe it can be done. I do not see any reason in the world why it should not be done, if we can give away good money the way this government has been doing on some propositions. I cannot for the life of me see why these young farmers should not be recognized and given some consideration so that we can keep them on these farms, because they are the ones who should be on them. I am telling you, Mr. Speaker, that if something is not done a good many more of them will be forced off the farms because they cannot carry on at the prices they have to pay for everything they must buy to operate these farms and go on paying the interest on these loans. I think it is the right time now to give some consideration to their needs. I am sure the Minister of Agriculture (Mr. Olson) could come up with some forgiveness of some of these interests payments and we could make it far more encouraging, through other forms of loans, to help these young people get started.

I am not saying anything against the Farm Credit Corporation or the efficiency of their operations. They are only doing what they are supposed to do. The government should step in and do something to make it possible for boys and girls who are being forced off the farm into other industry, with the unemployment situation such as it is today, to remain on the farm by using some other method. I cannot for the life of me see why we cannot figure out some way of doing this, and this amendment to the bill is a start. Unless we can come up with something on these lines, then, as I say, I cannot see much point in the bill, because many people have got much less than $40,000 yet they find themselves in grave trouble. How

much better is $100,000 going to be to them if there is that much more interest to be repaid?

There has been so much repetition that I will not continue at length on this subject, though I could do so. The Farm Credit Corporation is a good organization and there might be a place for Bill C-5. Nevertheless, I believe this amendment warrants consideration.

Mr. John Burton (Regina East): Mr. Speaker, a major feature of the bill before us is the provision which would serve as a vehicle for the government's small farm consolidation program. As such, it is an important measure and it is one which has received a good deal of consideration in recent years. Many proposals have been put forward and there have been many alternatives suggested in terms of how to deal with the situation which has developed in the farm economy and in rural societies in Canada.

As we are aware, the small farmer finds himself in many instances unable to garner an income which is in any way comparable with that to be expected in other sectors of the economy and other parts of our society. He is unable to mobilize the resources necessary to develop his enterprise in such a way as to secure an adequate income. The farmer is basically in a poor bargaining position in our economy. He is not able to bargain with the same effectiveness as other entrepreneurs when it comes to securing a fair share of the national income. This is a serious situation and one which is reflected in the deterioration we are presently witnessing in rural Canada where we find a process of disintegration taking place which is resulting in the demise of many family farm enterprises and of many rural communities. The outlook is bleak and there is no prospect of any change in the basic situation.

I see very little in this bill which would bring about basic change in the situation though I have to acknowledge there is some recognition of the problem. Nothing has been done, however, to put forward a satisfactory solution. The government has produced nothing more than the old, piecemeal type of approach to which we have been accustomed for so long. It seems that the government has taken note of its own program in this field. It is not only in the Department of Agriculture that there has been recognition of the problem. The fact is that the Department of Regional Economic Expansion is also interested in the question of small farm units as it relates to poverty in Canada, and this has been recognized in some of the ARDA programs. The department has made some play of the fact that it is engaged in a program of assistance to small farm units. But I am at a total loss to understand what co-ordination there is between the small farm program that is being carried out under ARDA and the small farm consolidation program that is proposed in this legislation and which will be administered by the Farm Credit Corporation.

• (1650)

It also seems to me that there is some conflict here, certainly a potential conflict. As I read the legislation and as I understand the government's proposals to the extent they have been elaborated on, I have no clear idea about what the government is doing. To the extent that what the government is doing can be determined, it seems that the government is interested in consolidating farm units, in creating larger farm units, in throwing people off the land, in doing away with farm units and cutting down on the number of farmers in rural Canada. Through this legislation the federal government is paying homage at the altar of size, of bigness. It is saying that the only solution to the problem it is trying to grapple with is to increase the size of farm units. This is the kind of approach that has been taken for 30 to 40 years in this country and it still has not produced any solution. I suggest that the legislation before the House will bring us no closer to a solution to the small farm problem than has any other legislation in the past. This is a repetition of the same old approach—a little bit of tinkering with the program to try to grapple with the new situation. There is nothing fundamentally new here. There is no basic change or new approach. The government is bankrupt of any imaginative ideas with regard to dealing with the problem, one that must be of concern to all Canadians.

We have here a conflict in what would appear to be a program that the government is trying to promote through ARDA to help small farm units improve their income position. Two departments are carrying on programs in this field. Are they co-ordinated? Are they working together? Have the two programs been reconciled? We have seen no evidence to suggest that this is the case. In addition, we also have the fact that a number of provinces are interested in this problem and are taking action. In my own province of Saskatchewan some initiative is being taken in the passage of legislation to provide for the establishment of a land bank to buy out farm units which are available for sale at a reasonable price and then either leasing them to young farmers, people new to farming, or eventually disposing of them if this is the wish of the farmer. The province of Saskatchewan is to be commended for launching such an imaginative new program as embodied in the land bank legislation.

From what I have read in the press, an attempt was made to see whether this program could be worked in with the proposals of the federal government as embodied in this legislation, but the federal government was not interested in what the province was attempting to do. The only thing the federal government was interested in was in buying up land and selling it off, burdening farmers with the debt of land costs, as has been the case throughout the history of Canadian agriculture. The federal government was not prepared to go along with any new proposal or concept, or even to give it a chance to work with its own program. I suggest such a government is not worthy of the confidence of the Canadian people, and the sooner we turf it out, the better.

We must also keep in mind the role played by the farm credit program in the over-all picture of the agricultural economy. I think some years ago the concept was that one of the main ways of helping the farm economy was through the provision of more adequate credit facilities. This was advocated by everyone concerned about the situation and who had any knowledge of farming. The farm credit program has been in effect now since the later 1950's and there is no question at all that it has been of assistance to many farmers.

However, we are still no closer to a solution to the over-all problem of farm income than we were when this program was commenced. We are still facing the same basic questions, and I think this demonstrates the fact that the solution to our farming problems does not rest with any one, single program. Rather, what we need is a variety of programs. We need more than simply a farm credit program, quite apart from the inadequacy of the present legislation, as I mentioned a few minutes ago. What we need is a farm credit program that has a proper thrust and focus, one that is directed toward ensuring that farmers have adequate income, that they have adequate prices, that their costs are kept under some sort of reasonable control. All of these elements are required if we are to produce an adequate solution to our farming problems.

To translate this idea into mathematical terms, two times nothing ends up as nothing. Two times nothing times nothing still ends up as nothing, as one big zero. Even with an adequate farm credit program we would not be brought closer to any basic solution to our farming problems. A farm credit program can only do the job expected of it if it is developed in concert with an adequate income program, an adequate pricing program, a program that will ensure that our farmers are able to secure their goods and materials at reasonable cost and that adequate services will be available to them.

I see it is five o'clock, Mr. Speaker, and that you are pressing forward in your chair. Might I call it five o'clock?

The Acting Speaker (Mr. Boulanger): Would the hon. member also adjourn the debate?

Mr. Burton: Yes, Mr. Speaker, I move that the debate be adjourned.

Motion agreed to.

[*Translation*]

PROCEEDINGS ON ADJOURNMENT MOTION

SUBJECT MATTER OF QUESTIONS TO BE DEBATED

The Acting Speaker (Mr. Boulanger): Order. It is my duty, pursuant to Standing Order 40, to inform the House that the questions to be raised tonight at the time of adjournment are as follows: the hon. member for Regina East (Mr. Burton)—Manpower—Local Initiatives Program—Funds allocated, amounts spent, applications received, by provinces; the hon. member for Moose Jaw (Mr. Skoberg)—Transport—Proposed linking of Kootenay and Elk railway to U.S. line—Request for action to prevent movement of coal to U.S. ports.

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

[*English*]

PRIVATE MEMBERS' MOTIONS

OPPORTUNITIES FOR AGE

SUGGESTED ESTABLISHMENT OF PROGRAM FOR IMPROVEMENT OF SITUATION OF SENIOR CITIZENS

Mr. Barry Mather (Surrey-White Rock) moved:

That, in the opinion of this House, the government should give immediate consideration to initiating an Opportunities for Age program designed to improve the health, economic, occupational, recreational, social and cultural opportunities of the senior citizens of Canada, and that in the organization and administration of such a program the senior citizens' associations be consulted and involved.

• (1700)

He said: Mr. Speaker, having in mind the non-political nature of what I propose and the great deal of support it has received from senior citizens and their organizations in many parts of the country as well, I might add, as having in mind the indication of interest and in some cases support from members of the present government, I intend to make my presentation of this proposal very brief. I shall urge my colleagues to allow it to proceed for detailed consideration to the appropriate committee, which in this case I would think would be the Committee on National Health and Welfare.

In brief, what this proposal calls for is the adoption and utilization of the same principle parliament has applied in respect of opportunities for youth. This would be applied in an appropriate way to opportunities for the aged. There is no doubt in my mind that if this were done, and I believe something of this nature is already under consideration by the government, it would result in great benefit not only to many of our senior citizens who have a wealth of experience not being utilized in employment or occupation, but also to the many communities in which these people reside.

In my opinion, and I am sure many other hon. members share it, there is both the need and opportunity in Canada at this time to improve the living as well as the economic condition of our senior citizens. I especially urge old age pension and superannuate organizations to play a part in developing the administration of a federally initiated program of this type to combat the isolation of the older people. This would have a beneficial result to the community as well as to the people concerned. This would be particularly so if, in line with the proposed opportunities for the aged occupational program, we had a substantial increase in the basic old age pension such as the hon. member for Winnipeg North Centre (Mr. Knowles) and myself have urged for many months. We should increase the basic pension to at least $150 per month. When we mention that figure of $150 per month today, let us keep in mind that the Canadian dollar, as a result of inflation, has lost almost half its purchasing power of 1950. This gives a better perspective as to the value of $150 old age security pension.

Among the senior citizens of Canada there are a million men and women with ability, experience and a desire to be of use to themselves and others. Their potential

endeavour as a resource should be studied and co-ordinated for the benefit of all. I urge that a decision be made to establish an opportunities for the aged program at an early date, and that a conference be held in Ottawa of federal, provincial and regional people in that field, plus a representation of the old age pensioner organizations. There is a need for improvement in the health, economic, occupational, recreational, social and cultural opportunities of the senior citizens in Canada. Such a conference would emphasize and coordinate the efforts of the many and growing government departments and agencies already at work in this area. This would be of great interest to senior citizens and those people who will soon be in that category.

Some of the more immediate and obvious benefits which might accrue through this type of conference of organizations across the country would be to the old age pensioners or senior citizens. One such very obvious benefit would surely be a stimulation of the financing of low-cost travel by senior citizens. There are thousands of empty seats in aircraft flying across the Atlantic every week, and there are thousands of senior citizens in Canada who come from old countries in Europe and elsewhere who would like to make one trip to their earlier land. This could be very easily organized by such a procedure, thus providing opportunities for an aged project.

Other countries are ahead of us in this endeavour. In the United Kingdom, for example, I am told that for many years now there has been a program in operation under which retired people with special experience or skills are taken on contract by the British government for a year or perhaps two years and sent out to developing countries. In these places, the skills and experience of the British senior citizens have been of particular value to those countries to which they have been sent, and this has been of great benefit to the citizens themselves.

I have a report which indicates that in the state of New York alone there are now 38 such programs in operation in 19 counties involving 750 senior citizen volunteers. This program is called the "Serve Program" and is supported by the Health, Education and Welfare Department of the United States government. Let me quote from this report as follows:

> Unique to the SERVE programs is the group approach. Volunteers are recruited in groups to serve, in individual assignments, on the same day each week at a given agency. In most programs, this makes it possible to provide group transportation from one or two central pick-up points to the agency and back. Regular group discussion meetings provide continuous in-service training. This group association gives the older volunteers an opportunity for social contact and to form new friendships.
>
> SERVE volunteers in different communities perform varied assignments in general hospitals, hospitals for the mentally ill, schools for the retarded, homes for the aged, children's institutions, schools, libraries, museums, and other social, health, and welfare agencies.

There are many other endeavours they undertake which I will not take up the time of the House to enumerate. With the earlier retirement age coming, and already here in some instances, with some increase in social security over what was so 40 or 50 years ago, and with automation displacing older workers as well as keeping the young off the labour market, we have a general situation in Canada which would benefit by a federally initiated program of opportunities for the aged. This could operate in conjunction with the provinces and old age pension organizations to the benefit of both the individuals and the areas involved.

I mentioned that I was encouraged last year by some response from the government side of the House. I mention this particularly for the encouragement of my colleagues in the government benches, and so they will not talk this matter out this afternoon. I received a letter from the Prime Minister (Mr. Trudeau) in which he said:

> The basic proposition appears to have fair support and I am interested to find out more about what could be achieved in this respect.

I have been told by the Minister of National Health and Welfare (Mr. Munro) that this is a good idea. My prize support from the government side came from the former Minister of Justice, now the Minister of Finance (Mr. Turner). He is in a very good position to help promote this program I am urging.

• (1710)

He says:

> I, too, have received a great number of letters from across the country expressing interest in the proposal that you mentioned. I still think it was a great idea and will do my best to persuade my colleagues when we are discussing this sort of thing.

With that sort of support I can hope, if I cannot get a green light for the motion, that I can at least get an amber one so that the subject might be allowed to idle to the appropriate committee.

Mr. B. Keith Penner (Thunder Bay): Mr. Speaker, I begin by commending the hon. member for Surrey-White Rock (Mr. Mather) for presenting this excellent notice of motion for our consideration. The hon. member has a most enviable record for proposing important, interesting and worthwhile new ideas and programs for the consideration of parliament and the government of Canada. He certainly is to be commended for this particularly valuable notice of motion now before us.

In recommending an Opportunities for Age program I note that the hon. member subscribes to the basic concepts which are embodied in the Opportunities for Youth program, and that he is enthusiastic and excited about the general over-all success of that program. Now he wishes to see it extended so that we may provide more opportunities for other persons in our society. I agree with him.

I think that the concept of encouraging innovative ideas and projects which involve people in performing socially beneficial tasks ought to be expanded into a year-round all-inclusive opportunities for people program. But maybe before going that far, what we should do, as the hon. member suggests, is to test a little farther the validity of the concept and make it available to another age group which is also potentially very rich with ideas for projects that deserve to be encouraged and supported with public funds. Here I am talking about that age group which is usually referred to as our senior citizens.

Some observers of the passing scene have suggested that what exists in our society now is a cult of youth. Hooked on an apparent youth binge, we tend to ignore the special needs of our aged. Our preference for youth

causes us to shun those who remind us of growing old, to isolate them wherever possible into ghettos or reserves called nursing homes or homes for the aged. It is something of a shock to realize that as a nation we collectively spend more money on preparations to keep ourselves looking young than we do in assisting our senior citizens. We shove them out of useful careers whenever we can and as soon as possible. Then we go on to ignore their needs as well as their potentialities.

In Canada, there are nearly two million citizens over 65 years of age. I think that the hon. member for Surrey-White Rock was using different statistics than I am using. He mentioned a figure of one million. Recent information from Statistics Canada shows that there are two million citizens older than the age of 65 years, or just over 8 per cent of our population, and it is estimated that Canada will have more than 3 million persons aged 65 and over by 1991. Of that number, Mr. Speaker, only about one-tenth have a physical or mental handicap, and only 5 per cent of them are in institutions. There is a heavy obligation on our society to provide a wide range of suitable services for these persons, and more adequate pensions for those who need them. But even more than that, there is an obligation to make opportunities available to these people, whereby our senior citizens can themselves continue to serve the communities in which they live and in which they themselves have worked.

Our country, it seems to me, could be immeasurably wealthier in social and human terms if we were wise enough to mine this rich vein of talent, ability and dedication that exists among our citizens 65 years and over. Generally speaking, if an older person makes a serious effort to remain in society and participate actively with the rest of us, we do our best to make his or her short time as miserable as possible with compulsory retirement, inadequate pensions, lack of community services for senior citizens, and little opportunity to use the skills and knowledge gained during an entire lifetime. This is the common lot of many of our senior citizens, and it is not right that it should be so. A psychiatrist who specializes in problems of the aged said recently that one-third of our senior citizens are living in quiet despair, stemming both from physical and spiritual poverty, that in turn stems from the chilling realization of powerlessness and non-participation.

The country is moving toward earlier retirement at the same time that the life expectancy of the population is increasing. I do not argue against the trend toward earlier retirement, but it seems to me that we must recognize and appreciate that there are related social problems. Although the problems accompanying retirement have long been recognized, little has been done either to provide new opportunities for work after retirement, or to prepare people for the period following an active career.

There is one program which does exist and which I think deserves some mention here. I am referring to the Canadian Executive Service Overseas, which is a non-profit organization operated by a group of Canadian business leaders with the support of the Canadian government through its Canadian International Development Agency, known as CIDA. The Canadian Executive Service Overseas, abbreviated to CESO, recruits Canadian volunteers—and this is important—either retired or active, who have technical, professional or executive skills and are willing to go abroad to work in developing countries in either the public or private sector. The tour of duty is for a maximum of six months.

In 1967-68 there were 31 volunteers. In 1969, 115 persons accepted the challenge. I do not have more recent statistics, Mr. Speaker, but I think it is very plain to see that the program, although a very modest one, meets important needs not only for the developing countries, which I am sure it does, but also for the volunteers themselves. I think that what we have here is the germ of a proposal which could involve thousands rather than just hundreds, and involve these people not only abroad in developing countries but right here in our own country in the very communities where these people have been active for most of their working years.

Psychiatrists point out that enforced retirement and the absence of social roles often affect the mental health of those over 65. The incidence of psychopathology rises with age, as do depression and suicide. Older people need, and they want a chance to remain a part of the working world. Many, of course, require the additional financial resources which come from such endeavour. There are those as well who have deeper needs: the need to be needed, the need to do something worth while, to enjoy the experience of warmth, understanding and companionship, all of which comes from joining with others in designing a useful project and accomplishing some specific task.

• (1720)

It is rather interesting to note that federal funds have been granted under the Opportunities for Youth program, and under the Local Initiatives Program for studies of the needs of the aged. In the main these studies have discovered what has long been known, in other words very little that is new has come from these studies so far as I have been able to detect. Perhaps if we assisted some of our senior citizens to do their own studies there would be some startling breakthrough in our understanding of the aged as well as some solutions to the most pressing of their social, psychological and economic needs.

The majority of the senior citizens in Canada were active before retirement and they continue to be active in one way or another after retirement, and yet, many of these people have unfortunately become isolated and helpless. Efforts must be made to draw our senior citizens more fully into the mainstream of life. Most of these active persons need continuing opportunities to be active. Society must learn to involve its older members so that they may continue to have normal opportunities for self expression, intellectual stimulation, service to others, and joy in living. There is no doubt that such a goal is a challenge to governments and also to the senior citizens themselves. The success of such a program depends on our willingness to allow older adults to participate in the planning, the organization, and the implementation of programs which will serve the aged and in which the aged themselves can and should serve.

Wherever this approach has been tried, in Canada or elsewhere, it is encouraging indeed to observe the inven-

tiveness being displayed in using the time and the talents of the older members of the society. It is equally encouraging to find more and more adults in Canada asking what they can do to help themselves, what they can do to help each other, and what they can do to serve the communities in which they live. Those who are seriously asking these questions are the same people who are actively engaged in trying to find some of the answers. They deserve to have the interest and support of the government and, as the hon. member for Surrey-White Rock (Mr. Mather) said, they deserve a specific opportunities for the aged program. For them it could be a very appropriate answer indeed in meeting some of the needs that have been considered and to which the hon. member has referred in his motion.

Mr. Jack Marshall (Humber-St. George's-St. Barbe): First, Mr. Speaker, I wish to compliment the hon. member for Surrey-White Rock for having introduced this motion which is so relevant to our Canadian society today. I also wish to compliment the hon. member for Thunder Bay (Mr. Penner) on his meaningful statements.

One of the things about which I wonder as I experience parliament is why we seem to want to cast aside the senior citizens in our country just because they have reached the age of 65. Many of our senior citizens are contributing to our economy, our culture and to every phase of Canadian life. I can think of some people right here in the House of Commons who are dedicated members, such as the hon. member for Fort William (Mr. Badanai) with whose contributions in the committees of the House I am familiar. If there ever was a man who was dedicated in his participation in the House of Commons and in his representation of his constituents it is he. He is an example for our senior citizens in Canada whom we should be considering instead of casting aside.

Some hon. Members: Hear, hear!

Mr. Marshall: The idea of an opportunities for the aged program is an excellent one, and I can only say that I feel rather envious that I did not put forward this motion today.

Mr. Thomson: Jealousy will get you nowhere.

Mr. Marshall: Our senior citizens are only as weak as their strength and they can contribute much to our economy. About three or four days ago I was present at the opening of a senior citizens home in my district. I felt very humble on seeing the 32 or 33 senior citizens who for one reason or another are not able to contribute to our society. I must compliment the government for providing funds for the building of senior citizens homes so that not too great a burden is placed on those who wish to help our aged citizens. What is so distressing in our society today is the fact that there are so many disabled older citizens. I refer to veterans and those who have aged prematurely because they could not obtain help and could not take advantage of opportunities in certain parts of our country. More direction should be given in providing homes so as to give some comfort to these people as they reach their twilight years.

[Mr. Penner.]

I will not spend much more time speaking on this motion because it should not be talked out. We live in an age of participatory democracy and we should give an opportunity to our older citizens to participate in producing programs and help for themselves as well as in contributing to the greatness of our nation. I agree with the motion. I know that there are other members who wish to speak on it, and I hope that we will pass this motion in a non partisan way. Again, I compliment the hon. member for Surrey-White Rock for putting the motion forward for the betterment of our nation.

• (1730)

[*Translation*]

Mr. Guy LeBlanc (Rimouski): Mr. Speaker, I do wish to join with the previous speakers to congratulate the hon. member for Surrey-White Rock (Mr. Mather) for the motion he has just presented. This motion concerning those people 65 and over who are usually known as senior citizens, is a most valid one not only if we intend to help them, but also if we consider that a good many of them can be useful to Canadian society through their contribution to programs which, as the hon. member has suggested in his motion, can be known as Opportunities for Aged or Opportunities for Senior Citizens programs. However, I think it should be recognized that senior citizens have not been forgotten by the present government, at least by the members of the Liberal party, who have suggested the implementation of an Opportunities for Senior Citizens or Opportunities for Aged program.

The Liberal party has always paid marked attention to senior citizens. Indeed, it is the Liberal party which first initiated last year, in our society, the Opportunities for Youth program which could also be called "Initiatives for Youth".

Other equally promising programs will be set up this year. They concern youth, though the underlying principles are the same. The aim is to call upon the initiative of the unemployed or the neglected to help them earn money and to instil into them a feeling of pride in their work.

With regard to the Local Initiatives Program, developed during the winter, it has been a success and, in every part of Canada, especially in the region I am proud to represent, this program proved to be very effective and very useful to the Canadian people.

At the present, we even begin to speak about the Opportunities for Citizens Program, which could include all other programs, including the one which the hon. member for Surrey-White Rock mentions in his motion.

I am interested, as well as most Canadians I believe, in the fact that by developing such programs, one applies the work incentive principle about which many politicians and sociologists have been talking about for several years. It is a good thing to provide social assistance to the "have-nots", to help increasingly our elderly people, but it is also necessary to help young students who, during summer holidays, do not find any work and are concerned about how to finance their studies. However, when giving such money, one must not forget to use all possible means to encourage these groups to do a meaningful job.

We often say that we are living in a free enterprise society, but because of developments and rapid changes in our society, one must admit that the application of a kind of socialization, convincing above all the recipients of the pride and worthiness of work, is necessary, as far as possible, as one commonly says. These people must be interested in being helped to earn their living when they are able to do it.

With regard to "Opportunities for Age" Program, I suggest that one should rather say in French—I do not want to be accounted a purist since I am not one—one should rather say "Opportunities for Old People" or "for Old People of 65 and more", because, Mr. Speaker, as other hon. members in this House, I am in my middle years but I have not reached yet the official old age, that is of 65 or more.

As I said earlier, this motion is quite commendable. The Opportunities for Age program should be included in a more comprehensive scheme. As for its application, senior citizen organizations and persons interested should be consulted. Older people could no doubt give good advice to those who would set up and administer this program as well as their co-operation for such an organization and administration.

Would it not be better to include all those programs under a single one that could be called "Opportunities for Citizens" or "Initiatives for Citizens"? I believe the word "initiative" implies a suggestion of another kind that would enable Canadian citizens, regardless of their age or social position, to show some initiative or creativeness in order to be most useful to society.

"Opportunities" suggests "expectancy". One thinks of those poor people on welfare who spend their time waiting to get everything from other people and from the government. The government has responsabilities towards welfare recipients and older people, I agree. But if they are always asked to wait, they might develop a bad habit.

The comprehensive program I mentioned could include students, unemployed adults or welfare recipients and older people who are still efficient and alert.

However, considering the achievements of the last two years, I believe we must take care to ensure the best organization and the best administration for programs, according to well-established general and specific standards and criteria. It might be better for the government, in the case of a comprehensive program, to train a team of experienced, specialized and permanent officials, of course with the temporary co-operation of the people concerned, students, unemployed, welfare recipients and older people, concerning implementation of those programs. Because of the convictions of several—I would even say most—members of this House, and because of the misery and hardship which prevail in some areas and within certain groups, a formula that I would rather call socialization has to be applied. However, those principles must not be applied in a socialistic spirit, since we must not forget that for most of us, respect for the principles of free enterprise, of liberalism in the fullest sense of the word, is somewhat synonymous with respect for the freedom of the individual. In the main, we should implement those programs along the lines of a socialization concept which would be a lesser evil in some respects, because of the yet unadjusted effects of our technological society, of our changing society.

[*English*]

Mr. Knowles (Winnipeg North Centre): Question.

Mr. Heath Macquarrie (Hillsborough): Mr. Speaker, I can assure the venerable member for Winnipeg North Centre (Mr. Knowles) that I will not talk out this bill. In looking over the order paper this is one motion that I find interesting and worthwhile. It is, seemingly, always necessary that we sloganeer and make use of euphemisms and expressions such as "opportunities for age" and "opportunities for youth," but regardless of the nomenclature I think the idea put forth by the hon. member for Surrey-White Rock (Mr. Mather) is worthwhile and practical.

I do not know that I would go so far as to agree with those who say that what we really want is an opportunity for everyone. Of course we do; but if I have it in proper perspective, what the mover of this motion wants is some special effort made because of the special needs of people of advanced years. It seems to me that if you make everything special, you make everything general. This is what took place in large measure with reference to the designated areas program. When you designate practically the whole country, the special incentive for areas to participate becomes vitiated and weakened.

• (1740)

I agree with the hon. member for Thunder Bay (Mr. Penner) who suggested that in this age we must think young. I think the high calibre of our youth is a source of pride. The situation today is somewhat different from that which existed in earlier societies when the expression "your elders" had an impact on the rest of society which was somewhat more sacrosanct than the impact of today. You venerated those who were aged just because they were aged. Conditions have changed now and all too frequently the aged are the recipients of less attention. In earlier ages they were the recipients of great attention and veneration. We must remind ourselves, as Ulysses did long ago, that old age hath yet its honours and its toil. We must recognize that there is room for government involvement through legislation at both ends of the scale, for youth and for the aged.

In some ways life has become such more depersonalized than it was before. The family unit is less integrated and less intense than it used to be. So we find that people, as they reach a certain age, respond to something less personal and perhaps less warm than the family unit. There are many reasons for this, but I will not this afternoon enter into a long sociological dissertation.

The hon. member who introduced this notice of motion suggested that older people should be given the opportunity to fly across the ocean to their former homelands. That, I think, is an excellent idea. I think, also, we should act on the ideas of the hon. member for Thunder Bay, perhaps under the CESO program. Some of the young people in the CUSO program used to call the CESO group the paunch corps. They were referring to people of advanced years, as they were seen to be by those 19, 20 or 21.

Improvement Program for Aged

I have been very interested in the CUSO program. Many leading figures in developing countries, having heard me laud the young volunteers in CUSO have pointed out almost invariably that these young people are not in the country nearly long enough. They say it takes almost one year for them to learn the nuances of the language spoken, even though it may be English. They are getting under way in the second year and becoming most effective, when they are withdrawn. I wonder if there is not a program for involving some of our people in CESO for fairly lengthy operational periods in other countries. I can think of some fine school teachers in this country who retired merely because they reached retirement age. Many of them are possessed of wonderful administrative experience and I think they would be of great value in helping many developing countries establish a good educational program.

Mr. Knowles (Winnipeg North Centre): There are people like my hon. friend.

Mr. Macquarrie: My hon. friend from Winnipeg North Centre suggests that I could serve too. When I am a little older, I would be delighted to do so. I cannot depart in my prime.

I have always borne great affection for private members' hour, and it is appropriate for an hon. member such as the hon. member for Surrey-White Rock to bring our attention to this matter. Having shown interest in the subject before, he is being consistent on this occasion. In an age that thinks it is smart if you think young, which uses medical science and the whole field of geriatrics to prolong human life, we should do everything possible to enrich that prolonged life. As was said earlier, as more and more people reach retirement age it will be inevitable that more and more of them will want to live a richer life. There is no reason why in an advanced society like ours your life must suddenly change from one of routine labour to one of lassitude.

I think careful thought should be given to this matter. I will stand up with the Minister of Finance (Mr. Turner) and vote in favour of this notice of motion being given further study. In that way the House of Commons could examine the best way to adopt the practical and clearcut suggestions made in the notice of motion and all would see the very fine motivation which is behind the motion, which I salute most heartily.

Mr. Knowles (Winnipeg North Centre): Question.

Mr. Lloyd Francis (Parliamentary Secretary to Minister of Veterans Affairs): Mr. Speaker, I regret that there is only hour for dealing with the number of interesting issues and proposals suggested by this notice of motion. The hon. member for Surrey-White Rock (Mr. Mather) went through the usual exhortation of saying, as he said once before, that if we want this matter to become effective we need simply refrain from participating in debate, that the notice of motion will pass and something will be achieved.

Not long ago the hon. member for Winnipeg North Centre (Mr. Knowles), who is a good friend of mine and for whom I have the greatest respect, tried to move a motion which would have added, if passed, $1.5 billion to government expenditures annually. There were 30 hon. members in the House at that time. Today there is a good attendance. I see three or four hon. members of the party of the hon. member who introduced this motion, there are three Créditistes, several members of the official opposition, and others.

The fact is that after debate of one hour for which about 30 hon. members attended, the hon. member for Winnipeg North Centre tried to add $1.5 billion to government expenditures and it was hardly reasonable to expect the government to accede to his proposal. The Canadian Press carried a story to the effect that with one minute to go, the hon. member for Ottawa West jumped to his feet and talked the bill out, thus guillotining the hope of senior citizens across the country.

Mr. Knowles (Winnipeg North Centre): Canadian Press was right on the beam.

Mr. Francis: Subsequently, a number of abusive letters were forwarded to me because of my intervention in that debate. I support this notice of motion and want to say a few words on it. I had hoped that the hon. member introducing the matter would in his speech tell us in more specific detail how his idea could be implemented.

Mr. Mather: That can be done in committee.

Mr. Francis: I was, therefore, disappointed at the lack of originality and imagination displayed by the hon. member. He seemed to think that all old people want only to take a trip back to their homeland or travel a little and look around. I think he was selling our senior citizens short. I should like to hear from senior citizens organizations across Canada what sort of community services they would like. I should like them to examine the guidelines we have used in connection with Opportunities for Youth, a most successful program, and tell us what they want to do. The hon. member was right when he said we should consult with senior citizen organizations. Of course we should. We would be delighted to consult with them. We look to them for impetus in the creation, adoption and extension of public policy in this area.

We can make great contributions in private members' hour. I share the feelings of my hon. friend who preceded me who said he has great affection for this hour. It permits many members of the House to express ideas which are free, independent and go toward the development of policy. After all, policy does not come about because a motion was passed at a certain hour on a certain day. Policy is created by public opinion, with public debate. It is created when there is pressure for measures that I am sure will come.

I should like to know, Mr. Speaker, the area in which the senior citizens of Canada think they can make their greatest contribution. They do not want to be put aside. They do not want necessarily to compete with young people in other parts of the world. They do not want to be forgotten. In addition to their pension rights and economic security they want an opportunity to contribute in the community. They want the opportunity to show that they can do just as much as the young people in contributing to the health, welfare and well-being of other citizens.

We have paid our tributes to them today. We have all said pious things. We have talked about how great they are and about the great debt we owe the senior citizens of Canada. Yet more is required if we are to serve them. We must give them the opportunity to help themselves, and the first thing we must do is help them to tell us about the kinds of projects they can undertake. If we could adopt the sort of guides that have been used in the Opportunities for Youth program, extend them and innovate in this respect. The government, I am sure, will be happy to consider the suggestions of our senior citizens.

• (1750)

Mr. Robert P. Kaplan (Don Valley): Mr. Speaker, before I direct myself to the terms of the motion before us I wish to say a few words in support of the point made by my distinguished colleague, the hon. member for Ottawa West (Mr. Francis). It should be recognized by all members, certainly the senior members of this House, who were catcalling while he was speaking, that private members' hour is more an opportunity to put forward and build support for ideas than a time for passing resolutions. I think much is achieved if members on all sides of the House speak in favour of a resolution. Support is built up and their interest in the subject is drawn to the attention of the country and the government. It is mean for hon. members opposite to exploit any of us or this hour to allege that we have ulterior motives in speaking on the motions before us. I am sure they will agree that we have the same rights as them.

Some hon. Members: Hear, hear!

Mr. Kaplan: Let me now turn to the resolution before us. In very large measure, the aged of Canada, our senior citizens, already have been considerable beneficiaries of the Opportunities for Youth program. It is true they have not received payments under it and they have not been hired under any of the programs toward which Opportunities for Youth is directed. That was not the intention of the program.

I have reviewed a large number of these projects and many are directed toward their needs and problems. I do not have time to give many examples. In my constituency there was an Opportunities for Youth program that provided free for senior citizens the services of young people to carry parcels from shopping areas to their homes, assist with repairs to senior citizens' property and generally support them in their role in the community. This is a very desirable benefit that senior citizens received from the Opportunities for Youth program.

Why did the Opportunities for Youth program not direct itself toward the employment of senior citizens? I think the reason is easy to understand: the Opportunities for Youth program was directed primarily toward providing employment for people who were badly in need of an interested in obtaining work. Statistics make it very clear that the unemployed of Canada are largely young people between the ages of 18 and 25. I understand that through this program the government was not trying to create employment in the public sector for its own sake; rather, it was directing itself toward two objectives. One was to try to combat the serious problem of employment among young people—in this dimension the program was very successful—the other was to enrich life in Canada by providing services to communities through our young people. The benefits achieved by the Opportunities for Youth program were very considerable. There were no handouts or grants. The money the young people received was earned through work which the community in which they lived agreed was valuable and ought to be done.

One other point about the Opportunities for Youth program is that its costs, when set out in a balance sheet, exclude a very major factor that commends the policy. The balance sheet does not show the fact that many of the people who came into the Opportunities for Youth program were on welfare. All of them were unemployed. Although not all of them were receiving unemployment insurance payments, many of them were. When you look at the absolute figures as a ground for condemning the program, you should bear in mind that the cost was offset by considerable savings not only in federal programs, such as unemployment insurance and welfare, but in savings to provinces and municipalities which bear part of the cost of welfare.

I believe this program should be extended so that senior citizens may use their imagination and initiative—I think the resolution states it very well—to enrich their communities and become active in projects. I repeat, much of the cost of this program can be offset by savings in the guaranteed income supplement, unemployment insurance and welfare benefits. The program is not as expensive as it seems. Notwithstanding the special reasons for limiting the program in the past to participation by youth, it should now be extended to the aged. They have a contribution to make.

In conclusion I wish to direct one point to the government. It is too easy for a government to be crisis-oriented, to consider responsibility as putting out fires and dealing with despair, confrontation and demands of sectors of the country which are prepared to put their case in terms of ultimatums. The senior citizens of Canada do not do that; nor do some other segments of society. It is important for the government to recognized that running the country and responding to its needs is more than a matter of dealing with crises and putting out fires: it is also a matter of recognizing that there is an element of good will among people who want to serve society. There are many people with enthusiasm, energy and good will toward their fellow men and their communities. They want to help and have ideas for helping. There must be room in the government's list of priorities to utilize this tremendous Canadian resource.

Mr. Harding: Will the hon. member permit a question?

The Acting Speaker (Mr. Boulanger): Does the hon. member agree?

Mr. Kaplan: No, Mr. Speaker. I will answer the question after.

Mr. Knowles (Winnipeg North Centre): After what?

Mr. Kaplan: It is very easy to respond to crises. The government must respond to crises. But in many countries, particularly our neighbour to the south, we see the

withering of good will in society, the growing of despair and a recession of the spirit as it has been called. This recession of the spirit can come to Canada. There is no inherent reason why it should, but it could very well come here. I urge the government to not only think about crises but about opportunities that exist in the hearts and minds of people and their desire to serve society. Opportunities for the aged will go a long way toward achieving this goal.

• (1800)

[*Translation*]

The Acting Speaker (Mr. Boulanger): The hour set aside for private members' business having expired, I do now leave the chair until 8 o'clock, when the Minister of Finance will submit a ways and means motion to the House.

At six o'clock the House took recess.

[*English*]

AFTER RECESS

The House resumed at 8 p.m.

GOVERNMENT ORDERS

THE BUDGET

FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

Hon. John N. Turner (Minister of Finance) moved:

That this House approves in general the budgetary policy of the government.

He said:

Mr. Speaker, my first words to this House as Minister of Finance last February were that my most urgent priority was jobs. This remains my first priority. No economy is working as well as it should if there are men and women in this country seeking work who cannot find it. The search for jobs is a human problem. The main thrust of this budget is to deal with this problem; to buttress the Canadian economy—to provide incentives for Canadian industry to grow and compete and provide jobs.

The only realistic solution for matching the tremendous yearly increase in our work force, which will continue at the present rate for the next several years, is greater growth in the economy. It is growth that will create jobs. I mean growth in the private sector. I mean real jobs, not temporary jobs. I mean jobs that last and satisfy. I believe that we have to look to expansion of Canadian industry and the commitment of business to provide those jobs.

What makes it important to take stock of our position now is the fact that the world is caught up in the midst of far-reaching changes, the outcome of which is not easy to predict. The already rapid rate of advances in technology continues to accelerate, bringing about vast changes in our lives, in our way of producing goods, and in our way of doing business. Multinational corporate giants have to come to assume an increasingly dominant role on the

[Mr. Kaplan.]

world economic state and in the Canadian economy. I fear that the world is in the process of being transformed into massive trading blocs, which in itself is of immense significance to Canada as a major trading nation. Moreover, the relative competitive position of the various nations is also undergoing a pronounced change. This was the hard fact that lay behind the international monetary crisis which came to a head last summer when the United States adopted a series of measures to halt the deterioration in its own competitive position.

Because all of these developments have far-reaching implications for the future of our own country, it is only sensible and realistic for us to take a new look at our situation and to consider what policies will best serve our long-term interests.

What I shall strive to do tonight is to set the stage for Canadian industry to be competitive in world markets. Our ability to gain access to world markets is a prerequisite to the success of any industrial policy that focuses on growth and jobs.

I am hoping to achieve industrial growth at a pace that will not aggravate the inflationary impulses in the economy and escalate the cost of living. This government is committed to reasonable price stability. I am committed tonight to propose ways to render justice to those people in our community who have been hurt by the rise in the cost of living and who have no way of fighting back. I am speaking of those Canadians who have retired, whose working days are over, and of our veterans and their dependants.

• (2010)

I said once before to this House that a Minister of Finance is not an economic czar. It is true that through its fiscal policies the federal government can and must play a central role in guiding the course of the economy. It is important to understand, however, that there are some very real constraints on the ability of the federal government alone to ensure that the economy remains precisely on course at all times.

The policies and programs of the provinces and municipalities have a major impact on the economy, their combined revenues and expenditures now significantly exceeding those of the federal government. Then, too, in our free enterprise system the way in which our economy moves is determined in a fundamental way by the day-to-day decisions taken in the market-place by millions of Canadians. Of course, our economy is also strongly influenced by forces from abroad. The difficulty of anticipating and responding to the impact on the economy of all these forces is further compounded by the universal limitation of economic information. For all these reasons, it makes good sense for the government to stand ready to make periodic adjustments in its fiscal policies as the need for them becomes evident.

[*Translation*]

But there are also occasions when budgets must have a broader perspective and look further into the future. There are times when they must deal with more fundamental and longer-term problems related to the structure of the economy itself. In my budget tonight, Mr. Speaker, I shall propose an important revision in our fiscal system

to strengthen the capacity of our economy to serve the needs of the Canadian people in the years ahead.

Budgets, however, need to be concerned not only with the economy as a whole. They must also be directed to improve the well-being of individual Canadians, especially those who find themselves in less fortunate circumstances. Over the years. we have made great progress in Canada in developing a social system to provide equitable and just treatment for all our citizens. We must make still more progress in the years ahead.

[*English*]

I turn now to a review of the economy. I propose to be brief since a comprehensive economic review has already been tabled for the information of members. There is a great deal of information in this document and I trust the members of the House will find it a useful reference document. This evening I propose to touch only on some highlights of our recent experience.

The Economy

The Canadian economy provided a substantially bigger increase in the goods, services and jobs available to Canadians in 1971 than it did in 1970. This improved performance owed a great deal to the expansionary policies of the government.

Personal incomes grew more rapidly in 1971 because of higher employment, higher wage rates and higher farm incomes. The cuts in personal taxes during the past year meant that the net incomes at the disposal of Canadians after allowance for taxes rose even more rapidly than their gross incomes. An increase in payments by government under various social assistance, cultural and educational programs contributed to this growth. The improvement in the financial position of our people permitted them to borrow more and to spend more. This they did. But while consuming considerably more, at the same time they increased their savings and reduced their debt relative to their incomes. Thus, in spite of greatly increased consumption, their financial position was significantly stronger at the end of the year than at the beginning. This means that consumers are likely to spend even more this year.

Housing starts in 1971 broke all records. CMHC concentrated on housing for low-income groups. Private financing of housing increased dramatically and provided a vigorous forward thrust in this sector of the economy.

[*Translation*]

Mr. Speaker, exports grew again in 1971 in spite of declining rates of growth in our major European and Asian markets and in spite of menacing developments in the international commercial environment during the second half of the year. The extraordinary growth of 1970 was not duplicated. That could hardly be expected, but the growth in exports of many commodities such as iron and steel, automobiles, oil and gas, lumber and wheat was particularly noteworthy.

Imports responded to the rising pace of activity in the Canadian economy and grew at a very fast clip. This speeding up was shown by a wide range of goods, including fuels and lubricants, industrial materials, and materials for home consumption. Imports of machinery and equipment remained sluggish in the first half of the year, but spurted ahead in the latter half.

This fast rise in imports resulted in the decline in our surplus on merchandise trade in 1971. At the same time, our traditional deficit in services continued its steady increase. Taking goods and services together we had a current account surplus in 1971 for the second year running but distinctly smaller than in 1970. With the United States there was a moderate increase in our current account dificit, which in 1971 amounted to over a third of a billion dollars.

Last year we saw a rise in productivity, but we also saw a considerable acceleration in the growth of employment. We saw, too, as the year progressed some considerable pick-up of inventory investment. The ratio of inventories to sales still remains low by previous standards, even allowing for the fact that new technology permits some economizing in inventories. The rise of demand had not yet progressed to the point, however, of inducing a major expansion of business fixed investment.

Although the number of new jobs created in 1971 was twice the number created in 1970, it was only in the latter part of the year that job creation outpaced the very rapid growth in the labour force. Since September the unemployment rate has been on a downward trend. It is still unacceptably high, and the first priority of this government is to bring about a further substantial reduction in unemployment.

[*English*]

Prices and incomes showed mixed trends last year. Labour income per employed person, for the second year in a row, grew at a lower rate than in the previous year. This rate was, however, still greater than the rate of increase of productivity and the cost of living combined. Profits increased from their depressed levels of the previous year. The consumer price index was dominated by the strong increase in food prices, which were held down in the earlier part of the year by a price war among food chains, but rose at rapid rates after that. Even apart from food prices, however, there was unmistakable evidence as the year drew to a close of a quickening pace of price advances.

The over-all fiscal policy of the government has continued to be expansionary. In this it has been supported by the monetary policy. This policy last year created credit conditions conducive to economic expansion and relief of upward pressures on the value of the Canadian dollar. There was a large expansion of the money supply. Interest rates, which varied somewhat over the course of the year, were on the average distinctly lower than during the previous year and lower at the end of the year than at the beginning. This year the fast expansion of the monetary aggregates has continued. Recently there has been some increase in interest rates both in Canada and the United States. On balance, the value of the Canadian dollar continues to be strong.

• (2020)

Summing up, the Canadian economy is expanding firmly and steadily. This in spite of the fact that as last year began, there was widespread uncertainty as to the future. This uncertainty was reinforced by the interna-

tional economic crisis which beset us last August. The Smithsonian agreement of last December did much to dispel that uncertainty. Other factors contributed, particularly the expansionist measures introduced by my predecessor, now the Minister of National Defence. The mood of the country is one of growing confidence. I believe this confidence is well founded. I do not express this belief in any idle way, unmindful of some very real problems. We must continue to press for lower levels of unemployment. Price increases must be kept in check. But there is no question that the economy is advancing and gaining strength. Confidence is contagious and I believe it is spreading.

[*Translation*]

Mr. Speaker, the government this year will expand its program of summer employment for young people. We are dealing here with a challenging problem. In recent years, there has been a great upsurge in the number of students who pour out of school in the late spring to seek interesting and well-paying jobs. This year there are about 1,400,000 students of 16 years and over who will become potential job-seekers or look to the community for interesting and meaningful summer activity. This is almost three times the number only ten years ago. Most of these young people will be absorbed in productive jobs in the expanding private sector of the economy. For a second year, however, a diverse range of programs in the federal opportunities for youth plan, aided by a number of similar provincial programs, will help to fill gaps in the supply of jobs this summer.

I should draw attention, also, to the significant improvements which the government has now proposed to the manpower training program. These amendments will extend its flexibility and efficiency. In that connection, the experimental program of on-the-job training introduced last fall was enthusiastically received, and the government has provided a total of $50 million for this purpose. I fully anticipate that on-the-job training will become a permanent and increasingly effective part of our overall manpower training policy.

[*English*]

Let me turn now to a brief review of some important, current developments in federal-provincial fiscal relations. The most significant of these, of course, has been the recent enactment by parliament of the new Federal-Provincial Fiscal Arrangements Act. The passage of Bill C-8 brought to fruition a long and intensive period of consultations with the provinces.

We have now extended in time and content the framework within which the federal and provincial governments jointly share the personal income tax field on a co-operative basis. Taken together with previous announcements by Quebec and other provinces, the recent budget announcement by the Ontario government that it will bring into conformity its corporation income tax on essential fundamentals with the reformed federal act, also assures continued tax co-ordination across Canada.

Most important of all, however, we have renewed the equalization arrangements which are so vital to national unity in Canada. In recent weeks, I have been speaking on this criticial issue on several occasions, stressing that national unity is not just a question of language, important as that undoubtedly is.

National unity has a great deal to do with equality of opportunity—equality of opportunity for Canadians, no matter where they happen to be born or where they happen to live in our country. Equality of opportunity, in turn, means equalizing the ability of all the provinces to provide a national standard of services to Canadians. Our style of unity contemplates diversity and not uniformity. We are together as a united community of people in a unified, but not unitary, state. This is not to say that we want to pursue an inward-looking or narrow nationalism. Rather, as Canadians, we want to maintain and strengthen our sense of unity, our identity and our independence. With that goes the need to achieve a desirable regional balance across this beautiful land, to deepen the sense of belonging to a community and a nation, and to enhance the opportunities for meaningful participation in the collective decisions which affect our daily lives.

Equality of opportunity means a common standard of services to Canadians everywhere. National unity means sharing money and resources and this is the burden of our fiscal arrangements legislation. This is why the fiscal relations between Ottawa and the provinces are the cornerstone of confederation. It doesn't do anything for our country to try to do fine calculations of gains and losses, of who pays more and who receives more, because national unity cannot be calculated on a balance sheet.

Although equalization transfers are paid to provincial governments, it is obvious that their benefit is directed primarily toward the lower-income people in the receiving provinces. Without this sharing of national wealth, millions of Canadians would be deprived of the health, education, welfare and development services which are as much a part of income in a civilized society as the cash to buy three square meals a day. Equalization, taken together with shared-cost programs, provides much of the underpinning for social equity across the country.

Look at what parliament has done in the past few years to improve the lives of Canadians: medicare; increased supplementary pensions for the aged; the elimination of one million lower-income Canadians from the income tax rolls; the proposed fundamental reform and major increases in family allowances; the huge increase in federal contributions for education and student loans; a doubling of financial assistance for our native people; the broadening of unemployment insurance.

I should like now to speak briefly of certain features of our economic situation from a wider perspective.

Canada has a very fast-growing labour force, both because of the age structure of our population and because more and more women want to work outside the home. The population and the work force are concentrating in urban areas. That is where most people want to be, that is where they want to work and that is where jobs must be provided for them.

In an urban society people provide fewer and fewer services for themselves and they therefore demand more services in the market. Over the past quarter-century and more our service industries have grown substantially. By

their very nature, most of our service industries are sheltered from foreign competition and are continuing to do very well.

Canada's resource industries are very strong and the outlook for them is bright. We have been blessed with a rich abundance of most natural resources to meet not only our own needs, but the growing demands from the rest of the world. They continue to be accorded favourable treatment under our reformed income tax system.

In agriculture, a very rapid rise in productivity with a corresponding decline in the need for farm workers, has necessitated a continuing process of adjustment. Here a wide range of federal programs have been put in place, including price supports, organized marketing, long and short-term credit, favourable tax treatment, and production development aid. New measures only recently introduced have improved all of these programs. Last year, farm net income rose by almost 25 per cent over 1970. The dairy industry is currently benefiting from a substantial firming in world price levels, and this year exports of grain and cereals from Western Canada will surpass all previous records. Much the same can be said of the fishing industry, where a number of important new programs have been implemented to improve productivity and stability and to raise the incomes of fishermen.

Our manufacturing industries are the largest single source of employment in Canada, providing jobs for more than one-fifth of all working Canadians. But by contrast with other sectors of the economy, this important sector is the one that is most exposed and most vulnerable to the challenge of change and international competition.

During the postwar period, the output of our manufacturing industries has not kept pace with the growth of the economy as a whole. Employment in the manufacturing industries has declined moderately as a proportion of total employment in Canada during this period.

In our trade in manufactured goods, we run a very large deficit, importing substantially more than we export. Excluding cars and parts, which are a rather special case, our trade deficit in manufactured goods increased by approximately $1 billion between 1965 and 1970.

• (2030)

Canada's manufacturing industries have been particularly hard pressed during the past few years. Unit costs of production have risen more rapidly than those in the United States. The problem has been further compounded by the appreciation of the Canadian dollar, which has reduced the cost in Canada of imported manufactured goods and at the same time increased the cost of Canadian manufactured goods abroad. Our manufacturing sector has also been exposed to growing competition from the new industrial giants—Japan and the expanding European Economic Community. It has been further jeopardized by export subsidies and protectionist measures adopted or contemplated in the United States.

The manufacturing sector is of crucial importance to our economy. We depend on it to provide a growing number of productive, interesting and well-paying jobs for Canadians in the urban centres where they want to live and work. We rely on it to keep us in the forefront of technological changes. It is important to the development of a balanced and stable economy, one that is not excessively exposed to the sharp swings that take place from time to time in demand abroad for raw materials. It is important, too, because of the support it provides to the other major sectors of the economy.

It is, therefore, essential for us to take whatever steps are necessary to promote the development in Canada of manufacturing industries that are dynamic, vigorous and resourceful, that are unceasing in their efforts to innovate, that develop new and better products and that are aggressive in their efforts to expand their markets in Canada and abroad. In short, we must do everything we can to promote the development of Canadian manufacturing industries that are fully capable of meeting and surpassing competition from other countries.

Budget Measures

Let me now get down to specifics. The thrust of the measures that I will propose to the House tonight has a two-fold purpose. The first set of measures is designed to strengthen the competitive position of our economy in order to promote the faster growth of production and employment. These measures are medium and long-term in their nature and structural in their impact. They are also intended as a permanent incentive. But they will also help to add new momentum immediately and in the months ahead to the already strong expansion now under way in the Canadian economy. The second set of measures is designed to promote greater social justice by relieving the financial burden that is being borne by particular groups or individuals in our nation. The new expenditures they entail will also add prompt stimulus to the economy.

As a major step in the development of a new industrial policy for this country I am bringing forward measures of a fundamental nature to revitalize the manufacturing and processing industries. These measures will help this sector improve its competitive position in the world and will thus protect existing jobs and provide well-paying new jobs for Canadians in and near the urban centres where they want to work. Moreover, these proposals will further reinforce growth throughout the economy by stimulating an early expansion in capital investment.

First, I propose that the cost of all machinery and equipment purchased after tonight by a taxpayer to be used for the purpose of manufacturing or processing goods for sale or lease in Canada may be written off in two years. A new capital cost allowance class will be established and a taxpayer will be entitled to claim as depreciation up to 50 per cent of the cost of the asset in the year in which it is acquired and the unclaimed balance in any subsequent year.

Second, commencing January 1, 1973, the top rate of corporate tax applicable to manufacturing and processing profits earned in Canada will be reduced to 40 per cent. Similarly, the effective rate of corporate tax applicable to manufacturing and processing profits earned in Canada eligible for the small business deduction will be reduced from 25 per cent to 20 per cent. In order to give effect to these rate reductions, it will be necessary to provide rules to enable a corporation to distinguish its manufacturing and processing income from other kinds of income, such as investment income, wholesaling and retailing income

and natural resource income. Special rules for this purpose will be included in the bill and in the regulations.

The natural resource industries will not qualify for the two-year fast write-off or the special reductions in the rate of corporate tax because there are already in existence other incentives better suited to the needs of these industries. However, I am introducing tonight a further incentive to encourage more processing of our mineral resources through smelting and refining in Canada. I propose that the class of expenditures which earn depletion be extended to include all equipment acquired after tonight for the purpose of processing in Canada mineral ores after extraction and up to the prime metal stage. This will include all processing, whether or not related to a new mine or a major expansion, as well as custom processing. Furthermore, I propose that all of the income from such processing operations be considered as income against which depletion may be claimed and in respect of which the 15 per cent provincial abatement will apply.

Of course, as mineral resources are processed beyond the prime metal stage and oil and gas are refined beyond the crude stage, these further activities will be considered manufacturing and processing and will, therefore, be eligible for both the fast write-off and the rate reduction.

Most machinery and equipment is now written off for tax purposes at a 20-per-cent rate on a declining balance method. Tonight's proposal will permit machinery and equipment required for manufacturing operations to be written off within two years. It will replace the measure introduced in December, 1970, whereby manufacturing and processing enterprises were permitted to value new investment in depreciable assets at 115 per cent of their actual cost.

These measures will serve to increase substantially the cash flow of manufacturers and processors. Until the present, manufacturing and processing companies in Canada have borne a considerable weight of the corporate income tax. The ratio of tax paid to the value of their output has been much higher for corporations in this field than for other goods-producing companies. The changes proposed tonight will, I believe, put them in a more equitable position.

• (2040)

The tax treatment of companies engaged in manufacturing and processing will now compare very favourably with that in other nations, particularly the United States and the enlarged Common Market countries. Accordingly, it is to be expected that these measures will provide a substantial incentive for the establishment in Canada of new manufacturing enterprises and the expansion of existing enterprises by increasing the return that can ultimately be realized on capital investment.

The increase in the flow of funds available to these industries will strengthen their ability to compete with foreign manufacturers in a variety of ways. They make use of these expanded resources to finance new research and development, to finance an expansion of productive capacity, to introduce new product lines and to finance the development of new cost-reducing methods.

The improved financial position of these enterprises should also significantly enhance their ability to meet foreign competition in terms of price. With respect to those industries where there is at present a marked difference between Canadian and foreign price levels, I expect the savings permitted by these measures to be used to bring about a substantial reduction, and ultimately the elimination, of these price differentials.

[Mr. Turner (Ottawa-Carleton).]

Mr. Lewis: What is the expectation based upon?

Mr. Turner (Ottawa-Carleton): Members of the House may ask what guarantee there is that this added cash flow will be used by our manufacturing industries for business expansion or to reduce prices, and not merely for higher profits. My answer is that I am confident that businessmen will see and recognize the underlying purpose of the government. Certainly we want to encourage a reasonable return on investment. But we also expect competitive prices, both at home and abroad. We expect the money to be used for new equipment and to replace equipment that is obsolescent. I expect business to get out and hustle, to grow, to compete, and to build jobs for Canadians. I am sure that the business community will justify this confidence and prove me right.

The measures which I am proposing to reinforce the expansion of manufacturing industries will be of benefit to all regions of the country. They will, of course, help to stimulate the growth of manufacturing in those areas of the country where it is already well developed. But they will also facilitate the establishment of new plants in those regions now relying heavily on resources. These regions are actively seeking to broaden their industrial base by promoting the development of manufacturing and processing.

This radical revision of the corporate tax system as it affects manufacturers and processors will require us to forego revenue amounting to about $500 million in a full year. But these measures should not be regarded so much as a cost to the federal treasury as a major investment by the nation that over time will more than repay itself in terms of increasing jobs for our workers and increasing prosperity for all Canadians.

I also wish to announce tonight an extension for one year of the existing provisions permitting a fast write-off of capital expenditures made by manufacturers or producers to provide air and water pollution control. Thus, such machinery and equipment purchased at any time before the end of 1974, and buildings to house pollution control equipment which are started before the end of 1973, will be eligible for the fast write-off. These fast write-off provisions will also be broadened to cover the costs of buildings, machinery and equipment acquired by independent companies providing pollution control services.

I turn now, Mr. Speaker, to other proposals again directly affecting the welfare of individual Canadians.

Over a period of some months, growing concern has been expressed both by members of this House and the public generally about the threat posed to the financial security of some Canadian citizens who have little or no ability to protect themselves from the burden of rising living costs. I have in mind particularly the elderly, a large proportion of whom are women, those veterans receiving pensions to compensate them for disabilities suffered in

the military service of our country and families of veterans receiving the war veterans allowance.

Hon. members will recall that when the old age security program was amended and the guaranteed income supplement introduced six years ago, provision was made for the automatic escalation of both allowances up to a maximum of 2 per cent a year to offset increases in the cost of living.

[*Translation*]

Last year, further changes were made in the Old Age Security program and the supplemental allowance was raised substantially to provide greater assistance to those most in need. This rise in the supplemental payment made possible a real increase in the income of those eligible for the allowance because it more than compensated for increases in living costs prior to that time. At the same time, the provision for automatic escalation up to two per cent annually was retained for those qualifying for the combined Old Age Security and Guaranteed Income Supplement allowances. The universal Old Age Security pension was, however, fixed at $80 a month in keeping with the move by the government to channel public funds in a more selective way in order to provide income support for those most in need.

During the past few months we have been re-examining two features of the present program that have become a matter of public concern, the limitation on the annual increase in the combined Old Age Security and Guaranteed Income Supplement of two per cent annually and the pegging of the universal Old Age Security pension alone at $80. There are many elderly people who do not require the supplemental allowance to maintain a reasonable standard of living because they were able to make some provision for their own retirement during the period they were working. Even with the Old Age Security pension, however, the income of such elderly Canadians is in many cases already quite moderate and its purchasing power continues to be reduced by the rising cost of living.

Those receiving the Guaranteed Income Supplement are also in a difficult position. If prices rise by more than two per cent a year—which has been the case recently—their real incomes will deteriorate unless there are periodic amendments to the legislation to provide for regular increases in these benefits.

[*English*]

In the long-term interests of the economy as a whole, it is essential for us to continue our efforts to maintain reasonable price stability in Canada. But these elderly Canadians are by no means responsible for the cost pressures that develop in our economy. On the contrary, they are the chief victims of inflation because they are the least able of any group in our society to protect themselves against it. We have come to the conclusion, therefore, that we have a duty as a nation to ensure that the elderly and veterans will be relieved of the hardship of a declining standard of living by helping them to meet the burden of the rising costs. I think everyone would agree that these are very special groups.

• (2050)

Some hon. Members: Hear, hear!

Mr. Muir: When did you discover that?

Mr. Turner (Ottawa-Carleton): In order to provide the needed relief and assistance to elderly Canadians, the government is proposing a number of measures. First, we shall seek authority to provide that the old age security pension should increase in accord with the full increase in the cost of living. This change would be made effective as of January 1, 1972, with the monthly payment being escalated by the percentage increase in the consumer price index in the fiscal year 1971-72 over the fiscal year 1970-71.

Some hon. Members: Hear, hear!

Mr. Knowles (Winnipeg North Centre): How much is that?

Mr. Turner (Ottawa-Carleton): Beginning next year, the monthly pension would be adjusted on April 1 of each fiscal year to reflect the full rise in the cost of living during the previous calendar year.

Mr. Muir: Pierre said inflation was over.

Mr. Turner (Ottawa-Carleton): Second, the advance in the economy and the national income now makes possible a further across the board increase in the guaranteed income supplement for needy, elderly Canadians. As of January 1, 1972, the maximum monthly benefit payable under a combined old age security/guaranteed income supplement would be raised from $135 for a single person to $150, and for a married couple from $255 to $285.

Mr. Lewis: That's the only good thing in the budget.

Mr. Turner (Ottawa-Carleton): Further, the present ceiling of 2 per cent on the annual escalation index would be removed, so that on April 1 next year, this maximum benefit would also be increased in step with the full increase in the cost of living.

My colleague, the Minister of National Health and Welfare, will introduce amendments to the Old Age Security Act to bring these changes into effect.

Some hon. Members: Hear, hear!

Mr. Knowles (Winnipeg North Centre): It's about time!

Mr. Turner (Ottawa-Carleton): Third, the special exemption allowed persons 65 years of age and over for income tax purposes, which was recently increased by this government from $500 to $650, will be raised still further to $1,000.

Some hon. Members: Hear, hear!

Mr. Chrétien: What about that, George?

Mr. Lambert (Edmonton West): They are delirious.

Mr. Horner: It's a good thing an election comes every four years.

An hon. Member: We should have an election every year.

Mr. Turner (Ottawa-Carleton): This increased exemption will also be extended to taxpayers who are confined to bed or a wheelchair, and to the blind. I also wish to announce a further measure related to the blind and persons who are confined to bed or a wheelchair.

Mr. Jamieson: The Tories!

Mr. Turner (Ottawa-Carleton): To the extent that a blind or disabled person cannot make use of the $1,000 exemption, his or her spouse will be entitled to claim the otherwise unused portion of that exemption. Both of these measures will be effective from January 1, 1972.

In a full year the added expenditures resulting from the full escalation of the pensions for the aged, together with the increase in the maximum OAS/GIS benefit and the increase in the exemptions for the elderly, the blind and the disabled will cost about $350 million.

The government's concern for elderly persons has also led us to consider whether some fresh, new approach should not be undertaken on their behalf. It is obviously important that the growing number of men and women reaching retirement years should have opportunities to continue to participate in the life of the community in a meaningful way. Towards this end, my colleague, the Minister of National Health and Welfare, will shortly announce details of an experimental program to be known as New Horizons for the Aged.

Like the elderly, many of those Canadian veterans who made sacrifices in defence of our country—and their families—also find it difficult, if not impossible, to defend themselves against rising costs of living.

There have been periodic increases in the war veterans pension and war veterans allowances, the most recent being only last year. But the real income provided by these payments is in danger of being eroded by mounting prices. It is only fair and reasonable that we should stand ready to protect veterans and their families against such hardship as a matter of right.

Some hon. Members: Hear, hear!

An hon. Member: It took you four years to realize that.

Mr. Turner (Ottawa-Carleton): I propose, therefore, that effective January 1, 1972, pensions and allowances paid to war veterans also be increased from year-to-year in accordance with the full increase in the cost of living. We estimate the cost of this step will be about $25 million in a full year.

My colleague, the Minister of Veterans Affairs, will shortly be introducing amendments to the Pensions' Act and the War Veterans' Allowance Act to give effect to these changes.

I am convinced the vast majority of Canadians will welcome these improvements, particularly those who will benefit directly—the elderly and veterans and their dependants—and those sons and daughters and other relatives who help to support them. I am sure that all members of the House will give wholehearted support to these important changes. With respect to escalation of pensions for the elderly and veterans, I want to stress again that these are very special groups and the same case cannot, in my judgment, necessarily be made for other groups.

[*Translation*]

I come now to a further area of public concern. This has to do with the growing financial burdens that must be carried by students—or by their husbands or their wives or their parents, as the case may be—in meeting the rising costs incurred in pursuing higher education or training for a vocational career.

It has been customary to think of education and training in terms of that undertaken largely by young Canadians as a necessary preparation for subsequent employment. Increasingly, however, education and training is becoming a continuing process. More and more adult men and women are resuming their studies to advance their education or training or to engage in re-training for new occupations in order to meet the requirements of our rapidly changing industrial society. This is particularly true of married women, who in growing numbers want to become qualified to obtain interesting, well-paying jobs after the early years of raising their families.

• (2100)

At the present time, of course, students may, for tax purposes, deduct from their annual earnings the full amount of their tuition fees. However, there are other costs of increasing importance which are not taken into account in any way. First there is the loss of income that might otherwise have been earned by a student. This forgone income is a major consideration in the decision whether to undertake or continue education or training. Second, there is the problem of the immediate cash costs that must be carried—of ordinary living, transportation, books and so forth. These costs have been climbing and there is evidence to suggest that they are weighing heavily against decisions to proceed with education or training.

To be sure, there have been valid concerns expressed about the very sharp rise in the amount of money which governments have had to pour into the educational system to cope with expanding enrolments and increasing costs. But a large part of this can be traced to the age structure of our population, which has resulted in a large inflow of students. This demographic phenomenon is now reversing, and we need to ensure that over the longer run Canada places an adequate emphasis on the development of our human resources. Taking this longer view, the federal government has concluded that some steps should be taken through the tax system to encourage the effort of individual students and their families to invest in further education and vocational training.

I therefore propose a new deduction related to the cost of obtaining education, which will be in addition to the existing deduction for tuition fees. This new measure will be a deduction of $50 per month per student for each month in the year during which the student was in full-time attendance at certain educational or training institutions. It will be applied to full-time attendance in a qualifying educational program at educational institutions providing courses at the post-secondary level and also at educational institutions certified by the Minister of Manpower and Immigration in connection with the present tax provision affecting tuition fees. For these purposes, a

qualifying educational program will mean a program of not less than three consecutive weeks' duration that requires the student to work not less than 10 hours per week at work related to the program. Those eligible for training allowances or whose courses are paid for by their employer will not be eligible for this deduction.

The deduction will be available to the student, but to the extent that she or he cannot make full use of the deduction, it will be available to the student's parent, husband or wife. This deduction will be effective as from January 1, 1972. It will involve a revenue cost of about $50 million in a full year.

[*English*]

Mr. Speaker, a further proposal affecting individuals relates to medical expenses. For most taxpayers, the introduction of publicly-financed programs for hospital amd medical care has greatly reduced the number of cases whereby medical expenses place an unusual burden upon a taxpayer. None the less, this is an area which requires continuing surveillance to make sure that the hardship cases are dealt with quickly and adequately.

In keeping with this policy, I wish to announce two new measures. First, I propose to include as a medical expense for tax purposes an amount paid as remuneration for a full-time attendant to care for a taxpayer, his spouse, or other dependant, in a domestic establishment in which the cared-for person resides. This will be available upon certification by a doctor that the person is incapable of self-care for what is likely to be an indefinite period.

Secondly, I propose to include as a deductible medical expense amounts paid to commercial transport services for transportation of a taxpayer or his spouse, or dependant, and an attendant if necessary, to and from a hospital, clinic or doctor's office to which the individual has travelled a distance in excess of 25 miles to obtain medical services not otherwise available nearer home.

Both of these measures that I have just announced will help to relieve financial hardship associated with illness.

[*Translation*]

A number of the income tax measures I have just outlined and others related to tax reform that I will outline shortly will have an effect on the revenues of all provinces which have harmonized their tax systems with ours for purposes of tax collection agreements. These effects may be quite substantial. However, we have already provided a guarantee to these provinces that their revenues will be maintained for five years at a level at least equal to that which they would have received under the former tax system. This guarantee was offered as a part of tax reform and is contained in the fiscal arrangements legislation recently enacted by Parliament. The guarantee means that the federal government will absorb any revenue cost that the provinces otherwise would have borne, if the combined effect of tax reform and the new measures proposed tonight reduces provincial revenues below the yield of the former tax system. I am confident, moreover, that the provincial governments will welcome these measures as contributing both to the longer-term growth of their respective provinces and to fairness in taxation.

I am bringing forward certain proposals tonight regarding the sales tax, most of which involve items that are of concern to those Canadians who are physically handicapped. I also wish to announce that in order to provide a further measure of support to industrial research and development in Canada, scientific research equipment purchased by manufacturers after tonight for use in the testing or development of new products will be exempt from sales tax. Details of these proposals will be found in the Ways and Means Motion that I will table later.

I would like to turn now to the Customs Tariff. The terms of the Canadian offer of tariff preferences for developing countries were announced in the House on November 14, 1969. The proposed Canadian system is also set out in the Ways and Means Motion which I am tabling tonight. It proposes the establishment of a "General Preferential Tariff" which, subject to appropriate safeguards, will provide for lower tariffs on most of the semi-manufactured and manufactured goods which we import from developing countries.

There is also provision for lower rates on selected agricultural products and industrial raw materials. This will be enabling legislation; it will come into force only after enactment and on a date to be fixed by proclamation. This is a contribution by Canada to a global effort to help the developing countries improve their exports to world markets.

There are a number of other tariff changes which I am proposing. Most of these are relatively minor in their economic impact; the details are set out in the Ways and Means Motion. I should mention one which is of importance to the textile industry. The duty on knit goods from Britain is to be increased from a net rate of 18 per cent to 25 per cent; the rate on knit goods from other countries entitled to the benefits of the British Preferential Tariff will remain the same. This proposal derives from negotiations following upon the implementation by Britain on January 1 this year of increased rates of duty on cotton textiles from Commonwealth sources, including those from Canada. The purpose is to restore the balance of our concessions in our trade agreement with Britain. It should benefit our textile industry, which was damaged by the increased British tariff on cotton textiles.

It should be noted that as Britain begins to alter preferential access to its market by its entry into the European Economic Community, Canada will no longer have an obligation to extend preferential rates on British goods.

As in previous budgets, all the changes—except those relating to the proposed General Preferential Tariff—are to come into force tomorrow.

[*English*]

Mr. Speaker, I should now like to refer to tax reform. Last December, Bill C-259 received royal assent and on January 1, 1972, the amended Income Tax Act came into effect. Only a few months have passed, but as a general observation, I am pleased to note that, except in a few specific areas, debate about broad policy issues seems to have run its course.

This is not to say that everyone is satisfied with tax reform and I myself am concerned about some of the provisions which have produced anomalies or which are

working in unintended ways. I believe that part of my responsibility in this portfolio is to take a hard look at the rough edges of tax reform and I intend to see to it that the rough edges are smoothed out.

I want to say that I welcome the representations and suggestions I have received. It is inevitable in the course of a major tax reform that problems will arise. It has always been, and it will continue to be, the policy of this government to respond as quickly as possible to these problems as they become known. The discussions I have had with persons from all walks of life have been most helpful to me in identifying and finding solutions to many of these problems.

In a moment, I propose to announce a number of important amendments to the Income Tax Act arising out of tax reform, but first I wish to make a few general comments. The particular amendments have been selected either because they affect large numbers of taxpayers or because the government is already committed to make them. There are a few other amendments which I have been contemplating, but I have not included these in this budget because I am still considering the best solution to the particular problems. I mention this because many people have made sensible suggestions to me, but it is not possible to deal with all of them tonight.

I also want to say that I have given careful consideration to the debate in this chamber and in the other place and to the undertakings my predecessor made to both Houses of Parliament. He undertook to make certain amendments and to review other troublesome areas. I believe you will find that I have met the specific commitments and, as I have previously indicated, I am re-examining all areas which are having unintended effects.

I want to assure this House and all Canadians that it is my intention to continue to scrutinize the tax reform and to make such changes as may be necessary from time to time.

Finally, by way of general comment, I should say that I have not attempted in these remarks to describe all of the amendments which I wish to introduce tonight. I will refer only to those measures of general interest or of particular importance, and then only in a general way. However, the ways and means motion I am tabling will contain reference to all of the proposed amendments and members may review that document to obtain full details.

• (2110)

I want to discuss now the specific amendments, all of which will be effective January 1, 1972, unless otherwise indicated. First, some important amendments in the area of personal income.

One problem of particular concern is the impact of the new tax measures on charitable donations. Notwithstanding the increase in the annual limit on the deductibility of charitable donations from 10 per cent to 20 per cent of income, there seems to be a general fear that gifts and bequests of appreciated property will be discouraged if there is a deemed realization of the capital gain. This issue was carefully considered by the government during the course of the tax reform debate and my predecessor has explained on several occasions the problems and concerns which led to this decision.

[Mr. Turner (Ottawa-Carleton).]

I believe that the basic decision was correct, but I am persuaded that in one particular situation, the rules should be relaxed. In those cases where the property to be gifted is not a substitute for money—that is, where the property gifted to the charitable organization is suitable for actual use in its charitable activities—I propose that the deemed realization rules be qualified. I have in mind here such examples as the bequest of an art collection to a public art gallery or the gift of a piece of real property intended to be used as a camp or a hospital. Some taxpayers who donate property that has increased in value may prefer to value the gift for purposes of both the deemed realization rules and the charitable deduction rules at its market value rather than its cost. I propose, therefore, that a taxpayer who gives or bequeaths appreciated property of this nature to a charity shall have the choice of valuing the donation for purposes of both these rules at an amount anywhere between its cost and its fair market value.

I also wish to announce a second amendment in this area. The act will be amended to provide that any bequest to a charity will be regarded as having been made in the taxation year in which the taxpayer died. This measure will permit the value of the gift to be deducted from the taxpayer's income in the year of death, subject to the normal limit.

Individuals who earn income that is not subjected to deductions at source are required to pay instalments during the year as a payment against their tax liability for the year. In order to ease the financial and paperwork burden facing many of our low income taxpayers, especially pensioners, I propose that henceforth instalments will not be required if the individual's federal tax liability for the preceding year did not exceed $400.

Under the present law, the tax treatment of income derived from certain damage awards payable to children is not entirely clear. For example, children who have suffered damage as a result of thalidomide have received awards which are being held in trust for their benefit until they attain their maturity. Under the law as it now reads, the income from these trust funds, which is being accumulated and held for the benefit of these children pending maturity, may be subject to tax. This, to my mind, is not a desirable result. Therefore, I propose an amendment which will exempt from tax the income derived from funds and annuities resulting from personal injury damage awards up to the time that the injured person attains age 21.

I have received a number of representations asking that some form of special treatment be extended to persons who receive lump sum payments from a deferred profit-sharing plan. Some plans have asked that the special form of averaging previously available under the old act be reinstated and other plans have sought some form of special treatment for capital gains realized or distributed by these plans. I find this problem particularly difficult. First, let me say that I am in no way opposed to profit-sharing plans; in fact, I can see many advantages in this approach—for example, increased incentive and a sense of collective effort. However, I am not persuaded at this time that a lump sum payment out of a deferred profit-sharing plan should enjoy any special treatment. It seems

to me that payments out of such a plan should be treated in much the same manner as payments out of pension plans and registered retirement savings plans. All three of these types of plans have in common the deferral of income tax on the contributions to and the income of the plan. The government has previously indicated that it is conducting a general review of the taxation of retirement income plans. I have, therefore, concluded that this specific problem concerning the deferred profit-sharing plans should be considered as part of this general review.

A major feature of tax reform was the introduction of a tax on capital gains and I am pleased to note that these new provisions are, by and large, working well. None the less, some refinements are required. At this time, I wish to announce one important amendment and to mention that there are several other technical amendments to be found in the ways and means motion.

The important amendment concerns the provisions dealing with deemed realization of capital gains at death. It is intended to assist taxpayers who might face a heavy tax liability at a time when their assets might be illiquid. The amendment will provide that the payment of taxes occasioned by this circumstance may be paid in six equal annual instalments, together with interest. This provision is similar to the provision contained in the former Estate Tax Act and should relieve hardship which a taxpayer might otherwise face.

Next I want to announce several amendments relating to the taxation of corporations.

All corporations and certain individuals are obliged to pay instalments during the year in respect of their tax liability for the year. Under the present rules, taxpayers could base their instalment payments either on their estimate of the current year's liability or, alternatively, on a computation involving the prior year's income and the current year's tax rates. It has become increasingly difficult in recent years for taxpayers to use the "prior year" formula and this problem was exacerbated by the shift from the old system to the new system. In order to simplify the basis of instalment payments, I propose an amendment whereby taxpayers will be able to base their instalments on their estimate of the current year's liability or on taxes payable for the preceding year.

Where it is necessary to adjust the prior year's taxes payable in order to reflect certain specific changes in tax rates, simple adjustments will be prescribed by regulation. In this way, corporate taxpayers will be relieved of tedious calculations and yet the fiscal objectives can still be achieved.

Under the provisions relating to taxation of private corporations, one-half of the taxes paid on account of certain types of investment income are refunded at the time of payment of dividends. The purpose of this refund is to eliminate the artificial distinction between an individual "investing" directly or through his corporation.

It now appears that this provision may be open to some abuse and I believe that the government should correct this situation quickly, before taxpayers come to rely on an unintended loophole. The particular situation which troubles me arises in those cases where, within a corporate group, business income is converted into investment income in order to take advantage of the refund provision. To eliminate this loophole, an amendment will be made which will apply to certain kinds of investment income received by a corporation in taxation years commencing after 1972 from an associated corporation. The effect of the amendment will be to preserve the "business income" character of these particular receipts in the hands of the recipient.

In connection with the taxation of business and property income, I want to mention two problems which I will not attempt to solve tonight, but which are being given intensive examination. First, I am concerned about the taxation of certain property rights which were purchased before 1972 and which are subsequently sold. These rights are often called "nothings". In the event of a sale of these rights under the new system, a taxpayer could find himself facing a tax liability even though he has suffered a net cash loss on the purchase and sale. One example of this type of property is the agricultural products quota, such as the milk quota. In this regard, I have already established in co-operation with the Minister of State attached to the Department of Finance an interdepartmental committee of officials to examine this problem as well as other aspects of the taxation of agricultural producers.

Secondly, I am concerned about the new provisions designed to permit Canadian corporations to deduct exploration and development costs incurred in searching for natural resources in foreign countries. It appears that the reality of the international situation is that Canadian companies must often incorporate subsidiaries in the local foreign jurisdiction in order to carry out this type of work and it may then be difficult to utilize the new provisions.

The answers to these two problems will be difficult, but work is under way to see if appropriate and realistic solutions can be found.

I come now to the treatment of income earned abroad by Canadians. As I mentioned previously, this is an area which the government has undertaken to review. I personally am particularly concerned that the new measures do nothing to interfere with the success of our exporters, our Canadian based multi-national corporations and our international entrepreneurs. It is only a few months since the new act was passed and we have not completed our review. Although most of the measures affecting taxpayers in this area do not take effect immediately, I am well aware that corporations often must make decisions today which will commit them to a course of action for several years to come. Therefore, I want to announce a few measures which I believe will improve significantly the taxation of international income, but I also want to assure you, Mr. Speaker, and the House that I attach a high priority to the completion of our review.

• (2120)

I have had a number of meetings with taxpayers concerned with the rules for the taxation of foreign accrual property income, and I am persuaded that these rules, as now drafted, may produce unintended results in particular cases. However, this is a difficult area and I am not satisfied that we have yet found appropriate solutions

which will eliminate the difficulties, while preserving the basic thrust of the reform. The foreign accrual property income rules are scheduled to become effective for taxation years commencing in 1973, but in order that no taxpayer be unfairly or unintentionally prejudiced, I propose that the starting date for these rules be postponed for two years—that is, they not become effective until taxation years commencing in 1975.

When a taxpayer relinquishes his status as a Canadian resident, he must include in his income any accrued capital gains as if he had sold all his capital property. Under the act, a taxpayer has the right to postpone this deemed realization but if he chooses this right, in any year in which he actually disposes of the particular capital property, he must report his income as if he had continued to be a Canadian resident. I have concluded that these rules may be too harsh in some circumstances and that some relief should be provided.

Therefore, amendments will be introduced to change the rules applicable in these circumstances. A first option will permit a taxpayer to pay the tax attributable to any deemed realization of his capital property in six equal annual instalments with interest, subject to the provision of satisfactory security. Alternatively, a taxpayer may elect to have any particular capital property treated as taxable Canadian property, in which event he will be taxed only when the property is disposed of and only on the actual gain realized.

Also in this regard, I believe that some special measure is required to deal with foreigners who come to Canada for a period. It is essential that we maintain a hospitable climate so that people with valuable skills are not discouraged from working in Canada for a period. Therefore, an amendment will be introduced to the effect that where a person has not been resident in Canada for more than 36 months over the preceding ten years, any accrued gains on property which he owned when he entered Canada will not be subject to tax when he leaves.

Let me discuss now the financial position of the government and our borrowing requirements. In respect of the fiscal year just ended and for which the books are not yet closed, we anticipate that budgetary revenues will amount to $14,145 million and expenditures to $14,745 million. These figures imply a budgetary deficit of $600 million. Net non-budgetary requirements amount to $1,003 million, apart from $485 million required to finance foreign exchange transactions. Total cash requirements thus amount to $1,603 million, excluding the financing of exchange acquisitions, or $2,088 million overall.

The strength of the economy has been such as to produce larger revenues, budgetary and non-budgetary, than were anticipated when estimates for 1971-72 were given to the House in October of last year. Budgetary expenditures were also somewht higher than forecast, mainly on account of higher fiscal transfers to provinces. Non-budgetary outlays were lower than anticipated six months ago because of lower advances to certain crown corporations. Outlays on exchange were substantial owing in the main to the large purchases made during the course of the world monetary crisis in the closing months of 1971.

On balance, however, the surge in revenues resulting from the pick-up in incomes and sales in the economy was responsible for the fact that our need to borrow funds was less than had been anticipated when the position was last reported to the House.

I wish now to indicate the order of magnitude of the government's cash requirements for the current fiscal year. Mr. Speaker, this is not an easy task and I am anxious to avoid leaving a false impression of precision. As I emphasized in my first address to this House upon assuming my present portfolio, there are severe limitations upon the present capacity of economic and fiscal science to provide accurate projections of cash requirements. Even in the realm of population projections, where perhaps the technique of forecasting is today best developed, we find that deviations of forecasts from census counts by province can be sufficiently great to produce errors in excess of $100 million in estimates of equalization payments, which depend on provincial population.

To take another example, revenues of the government amount to a figure of the order of $16 billion. Given the dependence of revenues upon the state of the economy, and the imprecision in official estimates of the GNP, even after the event, it would be totally unrealistic to expect a revenue forecaster to forecast within 2 per cent of the total. But 2 per cent of total revenue is some $320 million. This year we shall have particular difficulty in revenue forecasting owing to the fact that we have no experience of tax collections under the reformed tax system. I could cite many more examples.

I will offer to the House now the best estimates we are able to make of the cash requirements in 1972-73. I regard these estimates as the mid-points of rather wide ranges. I would urge hon. members to regard them in the same way.

For the current fiscal year, taking into account the effects of the measures I have announced tonight, we estimate that budgetary revenues will be $15,670 million, expenditures $16,120 million and the budgetary deficit $450 million. Net non-budgetary requirements are expected to be $1,550 million apart from any net source or use of funds in exchange transactions. Thus we calculate that we shall have to borrow, or finance through changes in cash balances, a total of $2,000 million.

While this figure is somewhat lower than the cash requirements which resulted from last year's operations, including the purchases of official reserves, it does not imply a significant reduction in the stimulus to the economy through fiscal injections from that provided last year. In my judgment, stimulus of this order is appropriate in our present economic circumstances.

Mr. Speaker, with the permission of the House, I should like now for the information of members to include as an appendix to today's *Hansard,* a budget paper entitled Review of Government Accounts 1971-72. I should also like to include in today's *Hansard* supplementary tables showing government of Canada cash requirements, federal government revenues and expenditures on a national accounts basis, reconciliations of these figures with those compiled on a public accounts basis, and details of the budgetary revenues. The information in these tables applies to the fiscal years 1971-72 and 1972-73.

Mr. Speaker: Order. The minister has suggested that certain documents be appended to *Hansard:* Is this agreed?

Some hon. Members: Agreed.

[Editor's Note: For budget paper entitled "Review of Government Accounts 1971-72", see appendix.

The tables above referred to are as follows:]

GOVERNMENT OF CANADA FINANCIAL REQUIREMENTS
(Millions of Dollars)

	1971–72 Preliminary	1972–73 Forecast*
Budgetary Transactions		
Revenues	14,145	15,670
Expenditures	−14,745	−16,120
Surplus (+) or Deficit (−)	−600	−450
Net Non-Budgetary Transactions Excluding Foreign Exchange Transactions	−1,003	−1,550
Total Government of Canada Financial Requirements Excluding Foreign Exchange Transactions	−1,603	−2,000
Amount Required to Date to Finance Foreign Exchange Transactions	−485	+24[2]
Total Government of Canada Financial Requirements Including Foreign Exchange Transactions.	−2,088[1]	−1,976

*Numbers in this column should be interpreted as mid-points of ranges of estimates.

[1]The "Total Financial Requirement" differs from "Overall Cash Requirement" as per Public Accounts because of the inclusion under Non-Budgetary Transactions of the change in the special non-marketable bonds held by the Unemployment Insurance Commission. In the Public Accounts the change in these holdings is reflected in the net change in Unmatured Debt Outstanding.

[2]As of April 30, 1972.

FEDERAL GOVERNMENT REVENUE AND EXPENDITURE ON A NATIONAL ACCOUNTS BASIS
(Millions of Dollars)

	1971–72 Preliminary	1972–73 Forecast*
A—Revenue		
Direct Taxes, Persons	8,475	9,600
Direct Taxes, Corporations	2,410	2,350
Direct Taxes, Non-Residents	280	305
Indirect Taxes	4,640	5,100
Other Current Transfers from Persons	5	5
Investment Income	1,520	1,590
Capital Consumption Allowances	270	300
Total Revenue	17,600	19,250
B—Expenditure		
Current Goods and Services	4,830	5,510
(Non-Defence)	(2,930)	(3,570)
(Defence)	(1,900)	(1,940)
Transfer Payments to Persons	5,050	5,720
Subsidies	570	620
Capital Assistance	180	250
Current Transfers to Non-Residents	240	260
Interest on the Public Debt	2,080	2,260
Transfers to Provinces	4,280	4,580
Transfers to Local Governments	140	150
Gross Capital Formation	630	700
TOTAL EXPENDITURE	18,000	20,050
C—Surplus (+) or Deficit (−)	−400	−800

*Numbers in this column should be interpreted as mid-points of ranges of estimates.

FEDERAL GOVERNMENT REVENUE

PUBLIC ACCOUNTS AND NATIONAL ACCOUNTS RECONCILIATION
(Millions of Dollars)

	1971–72 Preliminary	1972–73 Forecast*
1. Budgetary Revenue	14,145	15,670
Deduct		
2. Budgetary Return on Investment	−1,095	−1,160
3. Post office Revenue	−400	−460
4. Other Non-Tax Budgetary Revenues	−116	−140
	(−1,611)	(−1,760)
5. Corporate Income Tax, Excess of Accruals (+) over Collections (−)	−8	−200
Add		
6. Government Pensions and Social Security Receipts	3,175	3,530
Government Investment Income		
7. Interest on Loans, Advances and Investments	620	650
8. Interest Receipts on Social Insurance and Government Pension Funds	475	510
9. Profits Before Taxes (Net of Losses) of Government Business Enterprises	425	440
	(1,520)	(1,600)
10. Capital Consumption Allowances	270	300
11. Miscellaneous[1]	104	110
12. Total Revenue, National Accounts Basis	17,600	19,250

*Numbers in this column should be interpreted as mid-points of ranges of estimates.

[1]These miscellaneous adjustments represent special tax revenues from insurance companies, miscellaneous indirect taxes, miscellaneous transfers from persons and adjustment for the supplementary period. In the national accounts, revenue in the supplementary period is shifted into the following fiscal year.

FEDERAL GOVERNMENT EXPENDITURE
PUBLIC ACCOUNTS AND NATIONAL ACCOUNTS RECONCILIATION
(Millions of Dollars)

	1971–72 Preliminary	1972–73 Forecast*
1. Budgetary Expenditure	14,745	16,120
Deduct		
2. Budgetary Transfers to Funds and Agencies[1]	−632	−570

3. Post Office Expenditure	−412	−460
4. Deficit of Government Business Enterprises	−98	−100
5. Reserves and Write-Offs	−52	−50
6. Purchase of Existing Capital Assets	−30	−10
7. Budgetary Revenue Items Offset Against Budgetary Expenditure(2)	−69	−60
	(−1,293)	(−1,250)
Add		
8. Government Pensions and Social Security Benefits	3,565	4,170
9. Expenditure of Government Funds and Agencies(1)	610	660
10. Capital Consumption Allowances	270	300
11. Miscellaneous(3)	103	50
12. Total Expenditure, National Accounts Basis	18,000	20,050
13. Surplus (+) or Deficit (−), National Accounts Basis	−400	−800
14. Surplus (+) or Deficit (−), Budgetary Basis	−600	−450

*Numbers in this column should be interpreted as mid-points of ranges of estimates.

(1)In the National Accounts, budgetary appropriations to various funds and agencies are replaced by the expenditure actually made by these funds and agencies.

(2)This item mainly consists of revenue from sales of goods and services by the government. These sales appear as final expenditure of the private sector and are deducted to avoid double counting.

(3)This item includes the supplementary period adjustment. In the National Accounts, expenditures on goods and services in the supplementary period are divided between adjacent fiscal years; most other expenditures are shifted entirely to the next fiscal year.

GOVERNMENT OF CANADA BUDGETARY REVENUE
(Millions of Dollars)

	1971–72 Preliminary	1972–73 Forecast*
Personal Income Tax	5,949	6,850
Corporation Income Tax	2,200	2,320
Non-Resident Tax	280	300
Estate Tax	135	100
Customs Duties	970	1,080
Sales Tax	2,000	2,240
Other Duties and Taxes	1,000	1,020
Total Taxes	12,534	13,910
Non-Tax Revenues	1,611	1,760
Total Budgetary Revenues	14,145	15,670

*Numbers in this column should be interpreted as mid-points of ranges of estimates.

[*Translation*]

Mr. Turner (Ottawa-Carleton): Looking ahead, now, first in the broad perspective of the world economy, there are encouraging prospects. First and foremost are the prospects for our trading partners. In the close-knit world in which we live, Canada cannot prosper if other countries are in decline. Our expectation is that the economy of the United States will grow much more strongly this year than it did last. In the procession of cyclical phases, that country seems to be a phase ahead of Europe and Japan, speaking generally. Even so the rate of growth in those countries is also expected to be rather faster this year than it was last. These factors will contribute to the advance in our own economy.

There is, of course, unfinished business arising from the financial and commercial crisis of last fall. While more stability has returned to exchange markets generally, the fundamental reform of the international monetary system has yet to be worked out. The Canadian government attaches high importance and priority to this work. We are looking for reform in the evolutionary sense rather than for an entirely new system, though we anticipate some major changes nonetheless. It is our view that the complicated discussions and negotiations that are required on several planes, can best be carried out within the aegis of the International Monetary Fund. Canada expects to play its full part in this work and I will be speaking on this subject at the International Monetary Conference in Montreal tomorrow evening.

• (2130)

There is also unfinished business in respect of trade arrangements. There is now an undertaking by the major industrial countries to commence comprehensive trade talks next year. Canada will participate in these talks as constructively as possible, ever cognizant of the advantages to us of freer, multilateral trade. There are also specific bilateral trade issues between the United States and ourselves which need to be settled at the earliest opportunity.

[*English*]

Turning more particularly to the Canadian economy, we anticipate that our growth will be stronger than it was last year. In 1971 we grew at a rate in excess of the long-term trend. We will better that this year. I have spoken of the basic financial strength of consumers. This will yield a strong growth in consumer expenditures. I expect that investment in inventories, which are now at below-normal levels, will be substantial. I expect that capital investment by business will be greater than was indicated in the recently published figures of intentions, and having in mind the stimulus provided in this budget tonight it will be greater than it was last year, especially in machinery and equipment. All signs point to another strong year in housing.

Exports, too, will be higher than last year as a consequence of the growing economic strength of the countries to which we sell our products. However, the advance of our economy will boost our imports and our trade balance will, in all likelihood, be lower than it was this year, and our current account will be in deficit.

We are expecting a large increase in employment and all signs to date this year give credence to this anticipation. In March this year there were 330,000 more Canadians working than one year ago.

I expect that unemployment will fall on the average in the course of this year, though the extraordinary month to month fluctuations in the size of the labour force will likely continue and be reflected in an uneven movement in the unemployment rate.

There are mixed tendencies in the price picture. The growth of demand and rather lower productivity will

make for price increases. The cost of imports may well rise less than last year. We do not expect that food prices will rise as fast this year as last and their current tendency encourages us in this expectation.

In summary, I expect that progress will be made this year in reducing unemployment. The growth in jobs should be considerably larger than last year. More goods and services will be produced and consumed by Canadians. Indeed, I am expecting that our real rate of growth in 1972 will be of the order of 6 to 6½ per cent. In short, I am expecting a year of considerable progress.

During the past few years, Mr. Speaker, virtually every industrial nation in the world has been going through a difficult and painful adjustment process. Canada was no exception. On the whole, however, the record shows that we weathered the storm better than most. Among the ten leading industrial nations, the growth of Canada's real output during 1971 exceeded that in every other country except Japan and was twice the increase in the United States. The rise in prices was significantly lower than that of any other industrial nation. The growth in employment last year of 2½ per cent was far greater than that of virtually any other industrial nation and was four times the percentage increase in employment in the United States. But given the rapid growth in our labour force, this was still not good enough.

Over a period of two years now, the growth of the economy has been steadily accelerating in response to the strong fiscal and monetary stimulus injected by the federal government. A further boost has been provided by a variety of provincial policies and programs. The evidence available on every hand indicates that there is a newfound sense of confidence among Canadians generally and among businessmen in particular about our prospects for continued strong economic growth in the year ahead.

I believe this sense of confidence in the future will be further strengthened by the measures which I have announced in the budget tonight. This applies with particular force to the substantial reductions which I have proposed in the tax load carried by the critically important manufacturing and processing sectors of our economy. This new thrust will provide a major boost to these hardpressed industries. These measures will provide our manufacturers and processors with incentive to expand employment, production and capital investment. I and other Canadians will now be counting heavily on them to fulfil the promise of this budget.

Millions of Canadians will also benefit individually from the changes I have proposed tonight to raise the supplementary pension allowance, to enable the pensions of the elderly and of veterans to keep pace with the cost of living, to increase further the tax exemption for the aged, the blind and disabled, and to provide significant tax relief from the heavy financial burden of education and training.

Mr. Speaker, I wish I could do everything at once and I am sure that each member of this House, were he standing in my place, would have a long list of priorities of things he would want to change, of inequities he would want to cure. The bare fact of the matter is that we cannot do everything at once. We simply don't have the resources. There are limits to the scope of fiscal policy. There are limits to stimulus and readjustment. I have been conscious of the bounds within which I have been constrained: to do everything I can to stimulate the economy, to encourage growth for more jobs, to right injustices—but in a way and at a pace that does not inject too much fuel into the economy. I have had to resist a good many well-intentioned temptations lest I run the risk of firing inflation. That is what I meant when I said that I would be striving for a responsible budget, a budget that would reconcile growth and jobs with reasonable price stability. I am confident that the measures I have proposed to this House of Commons tonight are within the realm of responsible fiscal action. I believe the measures that I have announced tonight will help to meet those demands which deserve the highest priority—the easing of some of the financial hardship of many individual Canadians and the creation of permanent, well-paying jobs. I now wish to table the ways and means resolutions and I commend the budget to this House of Commons.

[Editor's Note: For notice of ways and means resolutions, see Votes and Proceedings of today's date.]

Hon. Marcel Lambert (Edmonton West): Mr. Speaker, I would certainly commend the Minister of Finance (Mr. Turner), whom I have known for many years—I first knew him as a student many years ago at the same institution of learning—on a very voluminous budget, though I am afraid he had an embarrassment of choice. One of my colleagues said that this was not necessarily the responsible budget the minister spoke about but, rather, a "repair the damage" budget and that is where its scope lay.

On a much more serious note, I think that when we get out of this chamber all of us will realize that while the minister was speaking on a very important subject, one that affects Canada, others were speaking on other events that may make much of this quite irrelevant and the potential of those other events belittle much of what the minister has said tonight. May I say I am referring to events taking place outside this country. I do not want to get into any speeches which have been made elsewhere or to advert to the very delicate international situation that is now arising as a result of action being taken by the United States government. That is something we will learn much of later.

• (2140)

This budget message contains a lot of suggestions to repair the damages and make good the deficiencies which have existed for a long time. I am very sorry the minister's predecessor is no longer in the House because I should have liked him to hear these remarks. If one were not very charitable, one would be very cynical about the budget. I might suggest there would not be anything in this budget if this were not an election year. Members opposite, from the Prime Minister (Mr. Trudeau) down, have repeatedly in the last two years voted down resolutions emanating from the opposition in respect of old age pensions and the 2 per cent escalation clause, limitations on the guaranteed income supplement, veterans pensions and the 2 per cent supplement in that regard.They have constantly voted down these measures and belittled them in speeches both in and out of the House.

Some hon. Members: Hear, hear!

Mr. Lambert (Edmonton West): Tonight, in their desperation to recapture some popularity in the country, they have clasped these proposals to their breasts and have gone into a frenzy of applause for the new Minister of Finance as though he had thought up these things. I sometimes believe that the minister must blush as red as the tie he wears.

The minister faces the problems of people on low and fixed incomes, yet the remarks which appear in this document represent an outright condemnation of the administration of which he has been a member for the last three years. With callous disregard, the government has ignored the effects of inflation on pensioners, whether they be veterans or senior citizens, and has rejected at every turn proposals from the opposition and from groups outside this House in respect of alleviating the effects of inflation.

At page 12 of the minister's remarks we find this statement:

> Like the elderly, many of those Canadian veterans who made sacrifices in defense of our country—and their families—also find it difficult, if not impossible, to defend themselves against rising costs of living.

Some hon. Members: Hear, hear!

Mr. Lambert (Edmonton West): Did this government just find this out? Did this not apply last year or the year before? What did the government do about it then? The government sat on its hands and did nothing. As I say, this is a "repair the damage" budget. There are other remarks in purple prose in the more flamboyant passages the minister read. He did not write it, because he is not possibly capable of such atrocious language as we have heard tonight.

I suggest we are seeing again this new found concern about the inroads and hardships of inflation. This is an election year and, if you will forgive me for being cynical, Mr. Speaker, we cannot buy this response of distribution, hitting certain high points across the country and causing great concern for the public. Last week this government brought forward its policy, if you can call it that, in respect of foreign ownership. It is merely limited to takeovers and does nothing to encourage Canadians to own enterprises. Since that time, members on the government side and others have said we should wait until Monday night for the budget when the government will come through with something to give Canadians encouragement to own their own industries. What did we get? I suggest we got one big, fat zero and that is all. There is not even a misplaced comma in this address that deals with foreign ownership. There is not one iota of encouragement.

What we are to have is repression, with some form of screening agency dealing in matters which may or may not be constitutionally within the powers of the agency. I will not discuss that matter further until the bill comes before us. We hope that will be soon unless, of course, the Prime Minister decides he is going to pull the chain and call an election.

The Minister of Finance still faces the same problems of inflation and unemployment. Let us talk about some of the percentage rates of inflation. If the minister wants to study tables, let him look at absolute increases in the cost of living index and he will see they have been in the nature of 4.8 per cent rather than 3 per cent or something like that. As the cost of living escalates year by year, we receive claims by the government that the inflation increase amounts to only 3 per cent, 3.2 per cent or something like that, when the actual increase is more in the nature of 5 per cent to 6 per cent in some years.

We have heard it said that the problem of inflation was licked. I am sure that statement is not recorded in the book of sayings of the Prime Minister. Last October in the Throne Speech, as well as in June in the budget speech, we heard about all kinds of measures the government intended to take to stimulate the economy and reduce unemployment—but the figures are still the same; they have not gone down in total amount. The government has not reduced the percentage of unemployment and we see inflation returning again at the same rates of a year ago.

What has the minister done with regard to unemployment and incentive to industry? He has done some things which are generally in the right direction, but the choice of things was so wide it was hard for the minister to miss everything of which one could approve. Certainly the increase in respect of old age security and the lifting of that ironclad ceiling which was imposed last year on basic pensions is a step in the right direction.

The increase in the guaranteed supplement is a step in the right direction. The increase from $650 to $1,000 in personal exemption to those over 65 merely accentuates the difficulties which a flat rate imposes. This was pointed out during the debate on Bill C-259. It is far better to have tax credits. After all, the high income recipient who is also an old age security recipient benefits much more from the $350 in personal exemption. His marginal rate is much higher. Therefore, the real thrust of the relief which the government wishes to give is missed on this occasion, but that is because the members of the government have been rather stubborn about the tax structure and the type of exemption they want to grant.

• (2150)

With respect to the incentives for manufacturing and processing, I wish to quote as follows from the document entitled "Supplementary Information on the Budget":

> In general, the incentive will apply to operations within the ordinary meaning of the term "manufacturing or processing". Thus, machinery and equipment used in industries such as metal fabrication, chemicals, electrical products, pulp and paper, and textiles—to mention only a few examples—would qualify. On the other hand, assets of taxpayers in the service industries and in wholesale trade, retail trade, financial institutions, transportation, communications, construction, and public utilities would not qualify except to the extent that manufacturing and processing activities are carried out.

Agriculture, fishing, logging, operating an oil or gas well and extracting mineral resources would be excluded. Apparently we are to see a great deal of encouragement across the country, but in those areas where the corporation tax is levied by the province and collected by the province I would ask the minister, what incentive is there for the province? What incentive is there for the province of Quebec with regard to this, unless the minister is able to come to some agreement with the province and force it

to follow suit? This will be a very interesting point in Quebec and possibly in Ontario.

There are many other things that we will be going into, Mr. Speaker, but I think we have had enough for tonight. I want to commend the minister on delivering one of the longest budget speeches that we have heard in years and for receiving a very interesting return before an adulating crowd. It was as though he were at a town hall meeting of his constituents. On that note, so that people may understand how the government has not been able to alleviate the mistakes it has made in the past, I move, seconded by the hon. member for Oxford (Mr. Nesbitt) that this debate be adjourned.

On motion of Mr. Lambert (Edmonton West) the debate was adjourned.

Mr. Speaker: Is it the wish of the House that we dispense with the adjournment proceedings?

Some hon. Members: Agreed.

At 9.55 p.m. the House adjourned, without question put, pursuant to Standing Order.

BUDGET PAPER

presented by
the Honourable J. Turner, M.P.
Minister of Finance

for the information of Parliament
in connection with the Budget
for 1972–73

FOREWORD

The purpose of this Paper is to present a preliminary review of the Government Accounts for the fiscal year ending March 31, 1972.

REVIEW

OF

GOVERNMENT ACCOUNTS

1971-72

Table of Contents

	Page
Introduction	2020
Highlights of the government's financial operations during 1971-72	2020
Budgetary transactions	2024
Revenue	2024
Expenditure	2031
Assets and liabilities as at March 31, 1972	2049
Summary	2050
Asset accounts	2050
Liability accounts	2057
Net debt	2057
The cash position	2065
The public debt	2068
Supplementary detailed tables	2072

REVIEW OF GOVERNMENT ACCOUNTS
1971-72

INTRODUCTION

This review presents in summary form the financial operations of the Government of Canada for the fiscal year 1971-72. The fiscal year of the government ends on March 31 but the books must remain open for some time after that date to record adjusting entries and to take into account section 30 of the Financial Administration Act which permits payments made up to April 30 to discharge debts incurred before March 31 to be included in the accounts for the fiscal year. The figures used in this review are based on eleven months actual and one month estimated.

The financial operations of the government include the raising of tax and other revenues and their allocation to departmental and other expenditures; such operations are provided for in its annual administrative budget. In addition, the government undertakes other transactions which do not enter into the calculation of its budget surplus or deficit. These transactions include all receipts and payments leading to changes in the assets or liabilities of the government. Among such receipts and payments are those arising from debt operations and changes in the bank balances of the Receiver General; these types of operation are undertaken to finance the deficit or dispose of the surplus arising from all the other operations of the government, whether budgetary or non-budgetary. Accordingly, in what follows, debt operations and changes in the bank balances of the Receiver General are distinguished from other non-budgetary transactions.

HIGHLIGHTS OF THE GOVERNMENT'S FINANCIAL OPERATIONS DURING 1971–72

This section outlines the financial operations of the government in 1971-72 giving a brief summary of the budgetary and non-budgetary transactions, unmatured debt transactions and changes in the cash position and the debt position during the fiscal year. More detailed explanations are given in subsequent sections of this review.

TABLE 1

THE FINANCIAL OPERATIONS OF THE GOVERNMENT

(in millions of dollars)

	Fiscal year ended March 31			
	1971		1972 (preliminary)	
Budgetary transactions—				
Revenue—				
Tax	11,346		12,534	
Non-tax	1,457		1,611	
	12,803		14,145	
Expenditure	13,182		14,745	
Surplus or deficit (−)		−379		−600
Non-budgetary transactions—				
Social security accounts—				
Old age security fund	7		−86	
Canada pension plan	43		24	
Unemployment insurance account	13		−10	
	63		−72	
Other annuity, insurance and pension accounts	687		884	
Loans, investments and advances—				
To crown corporations	−1,121		−1,249	
To others	−243		−513	
	−1,364		*−1,762*	
Foreign exchange reserves	−1,317		−703	
Provincial tax collection agreements account	−88		115	
Other transactions	210		365	
Net amount required available from or required for (−) non-budgetary transactions		−1,809		−1,173
Overall cash requirements to be financed by increase in unmatured debt or decrease in cash balances		−2,188		−1,773
Unmatured debt transactions—				
Marketable bonds	678		359	
Treasury bills	840		95	
Canada savings bonds	1,226		1,945	
Other	−133		−309	
Increase or decrease (−) in unmatured debt		2,611		2,090
Net increase or decrease (−) in Receiver General bank balances		423		317
Receiver General bank balances at beginning of year		833		1,256
Receiver General bank balances at close of year		1,256		1,573

Budgetary transactions

Revenue at $14,145 million for 1971-72 is $1,342 million or about 11 per cent more than 1970-71 revenue of $12,803 million. The increase of $1,342 million was the result of a rise of $1,188 million in tax revenue and an expansion of $154 million in non-tax revenue. The yield from personal income taxes (including the social development tax) is $686 million higher, from corporation income tax it is $19 million less and from return on investments it is $95 million higher than in 1970-71.

Expenditure at $14,745 million for 1971-72 is $1,563 million or 12 per cent higher than in 1970-71. The major changes between 1970-71 and 1971-72 expenditures are increases of $172 million in public debt charges, $200 million in fiscal transfer payments to provinces, $176 million in payments in respect of the Medicare Act, $116 million in outlays under Hospital Insurance and Diagnostic Services Act, $71 million under the Canada Assistance Plan and $62 million for post-secondary education.

Given revenue of $14,145 million and expenditure of $14,745 million, there will be a budgetary deficit of $600 million as compared with a deficit of $379 million in 1970-71.

Non-budgetary transactions (excluding unmatured debt transactions)

The three social security accounts are those for the Old Age Security Fund, the Canada Pension Plan and the Unemployment Insurance Account. Summaries of the transactions in these accounts for 1970-71 and 1971-72 are given in table 2.

TABLE 2

SOCIAL SECURITY ACCOUNTS

(in millions of dollars)

Receipts	1970–71	1971–72 (preliminary)	Outlays	1970–71	1971–72 (preliminary)
Old Age Security Fund					
Income tax	1,340	1,450	Old age pensions	1,634	1,681
Sales tax	574	670	Guaranteed income supplement	273	525
				1,907	2,206
	1,914	2,120	Surplus of receipts	7	−86
Canada Pension Plan					
Contributions	813	826	Pensions	92	144
Investment income	211	275	Administration costs	20	23
Other	(1)	(1)	Investments	869	910
				981	1,077
	1,024	1,101	Surplus of receipts	43	24
Unemployment Insurance Account[2]					
Contributions	594	663	Benefits	758	1,122
			Administration costs		23
Investment income	29	14		758	1,145
Investments realized	142	315	Surplus of receipts	13	−10
Advance from government		100			
Other	6	43			
	771	1,135			

(1) Less than $500,000

(2) Formerly the UnemploymentInsurance Fund.

The Old Age Security Fund is financed by tax receipts. These receipts are $2,120 million, an increase of 11 per cent over their level in 1970-71. Payments rose to $2,206 million in 1971-72, $86 million more than receipts. In 1970-71, receipts of $1,914 million exceeded payments by $7 million.

Canada Pension Plan receipts of $1,101 million in 1971-72 exceeded disbursements of $167 million. The greater part of the excess of $934 million was invested in purchasing $910 million of provincial and federal government bonds.

Unemployment Insurance Account receipts at $1,135 million were $10 million less than disbursements resulting in a balance of $15 million in the account at March 31, 1972 compared with a balance of $351 million at March 31, 1971. In 1970-71 receipts were $771 million and benefits paid were $758 million.

Other annuity, insurance and pension accounts include the superannuation accounts of the public service, the Canadian Forces and the Royal Canadian Mounted Police, the government annuities account and certain other accounts of a similar nature. Net receipts from these accounts at $884 million are $197 million more than in 1970-71.

The greater part of loans, investments and advances are made to crown corporations and the remainder made to provincial governments, governments outside Canada, international organizations, private businesses and individuals. In 1971-72 net loans and investments of $1,249 million to crown corporations are $128 million more than in 1970-71; other loans, investments and advances in the net amount of $513 million are $270 million more than in 1970-71.

Foreign exchange operations to finance increases in Canada's international reserves include receipts from Special Drawing Rights (SDR's) issued by the International Monetary Fund and payments arising from subscriptions of capital to the International Monetary Fund, advances to the Exchange Fund and the redemption of non-interest-bearing notes payable to the International Monetary Fund. During 1971-72 net disbursements arising from these operations in the amount of $703 million include net receipts of $117 million from SDR's, a net increase of $846 million in advances to the Exchange Fund Account and net disbursements of $260 million from transactions in respect of the International Monetary Fund. In 1970-71 net disbursements were $1,317 million, $1,358 million in net advances to the Exchange Fund and a net increase of $349 million in subscriptions to the International Monetary Fund, partly offset by an increase of $271 million in non-interest-bearing notes payable to the International Monetary Fund and the issuance of $119 million of SDR's by the International Monetary Fund.

Collections of provincial income taxes in the amount of $2,138 million exceed payments to the provinces of $2,023 million. In 1970-71 collections were $1,858 million and payments were $1,946 million. Net receipts from other operations are $365 million compared with net receipts of $210 million in 1970-71.

Unmatured debt transactions

The net cash requirements of $1,773 million arising from budget transactions, operations of social security funds and other operations was met by net issues of marketable bonds, treasury bills and Canada savings bonds. In 1971-72 there was a net issue of $359 million of marketable bonds compared with $678 million in 1970-71, a net issue of $95 million in treasury bills compared with $840 million in 1970-71 and a net issue of $1,945 million in Canada savings bonds compared with $1,226 million in 1970-71. Other borrowing produced a net payment of $309 million compared with $133 million in 1970-71.

Change in cash position

A summary of all these operations is given in table 1 which shows that their net effect was to increase the bank balances of the Receiver General, including

those in foreign currencies, by $317 million from $1,256 million at March 31, 1971 to $1,573 million at March 31, 1972.

Change in debt position

As a result of all operations just described, the gross public debt increased by $4,658 million to $47,633 million at March 31, 1972, net recorded assets increased by $4,058 million to $29,711 million and the net debt increased by $600 million to $17,922 million.

TABLE 3

(in millions of dollars)

	Balance at March 31		Increase or decrease (−)
	1971	1972 (preliminary)	
Gross liabilities	42,975	47,633	4,658
Less recorded net assets	25,653	29,711	4,058
Net debt	17,322	17,922	600

BUDGETARY TRANSACTIONS

Total budgetary revenue for 1971-72 is estimated at $14,145 million, total budgetary expenditure at $14,745 million and the budgetary deficit at $600 million.

TABLE 4

BUDGETARY REVENUE, EXPENDITURE AND SURPLUS OR DEFICIT
(in millions of dollars)

Fiscal year ended March 31	Revenue		Expenditure		Surplus or deficit (−)	
	Amount	Per cent change	Amount	Per cent change	Amount	As a percentage of expenditure
1963	5,878.7	2.60	6,570.3	0.76	−691.6	10.53
1964	6,253.2	6.39	6,872.4	4.60	−619.2	9.01
1965	7,180.3	14.83	7,218.3	5.03	−38.0	0.53
1966	7,695.8	7.18	7,734.8	7.16	−39.0	0.51
1967	8,376.2	8.58	8,797.7	13.74	−421.5	4.79
1968	9,076.6	8.36	9,871.4	12.20	−794.8	8.05
1969	10,191.1	12.28	10,767.2	9.07	−576.1	5.35
1970	12,323.9	20.93	11,931.3	10.81	392.6	3.21
1971	12,803.0	3.88	13,182.1	10.48	−379.1	2.88
1972 (preliminary)	14,145.0	10.48	14,745.0	11.85	−600.0	4.06

Prior year figures have not been adjusted in this table to account for vote-netting.

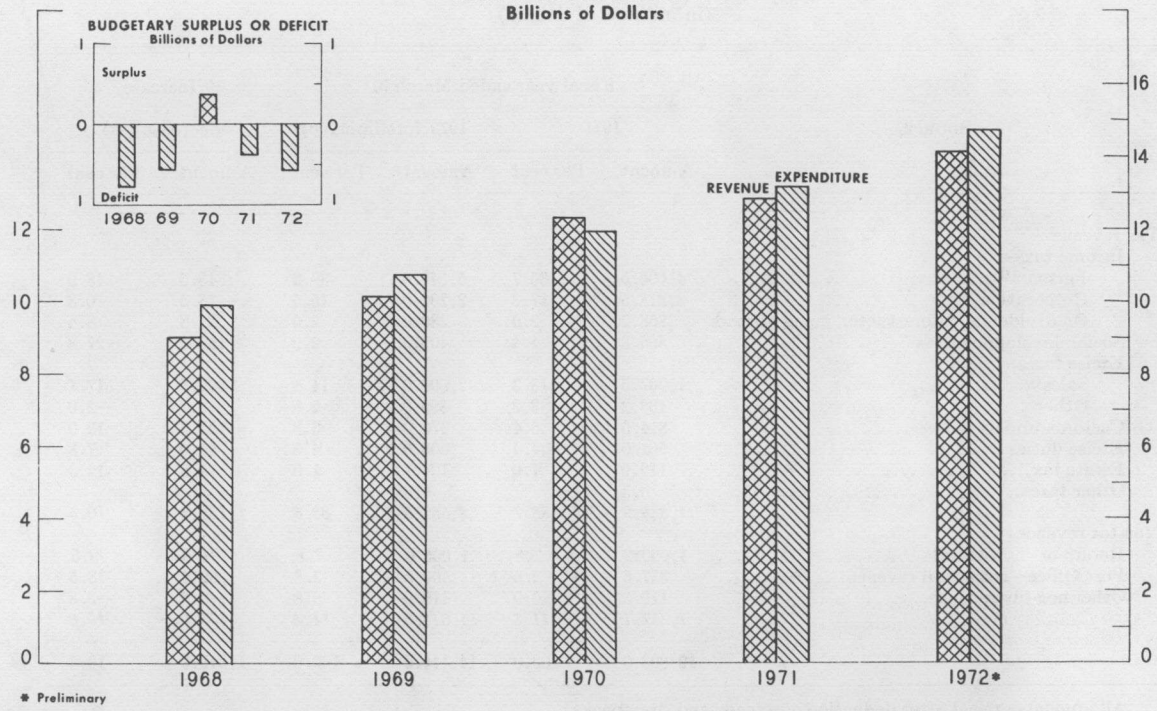
Revenue

Budgetary revenue at $14,145 million is $1,342 million or 11 per cent higher than the total received in 1970-71. Tax revenue of $12,534 million accounts for 89 per cent and non-tax revenue of $1,611 million accounts for 11 per cent. The main changes are increases of $844 million in personal income taxes, $293 million in sales tax, $156 million in customs import duties and $95 million in return on investments.

BUDGETARY REVENUE AND EXPENDITURE

Fiscal Years Ended March 31

Billions of Dollars

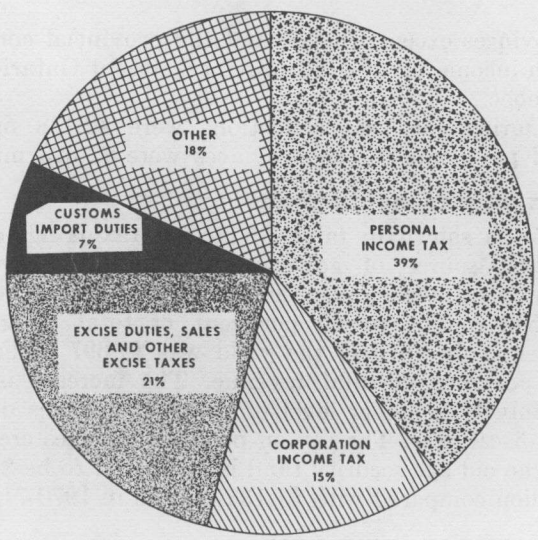


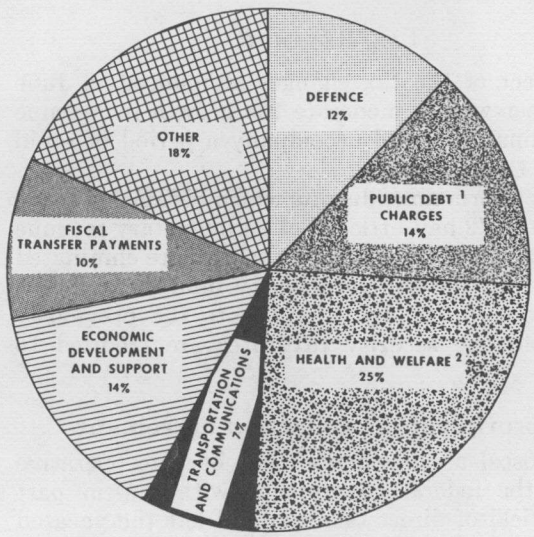
* Preliminary

BUDGETARY REVENUE BY MAJOR SOURCE

BUDGETARY EXPENDITURE BY MAJOR FUNCTION

For Fiscal Year Ended March 31, 1972





1. Includes additional interest in respect of the Public Service, the Canadian Forces and the R.C.M.P. superannuation accounts.
2. Does not include payments out of old age security fund.

TABLE 5

(in millions of dollars)

Source	Fiscal year ended March 31				Increase or decrease (−)	
	1971		1972 (preliminary)			
	Amount	Per cent	Amount	Per cent	Amount	Per cent
Tax revenue—						
Income tax—						
Personal[1]	4,696.5	36.7	5,540.0	39.2	843.5	18.0
Corporation[1]	2,218.5	17.3	2,200.0	15.5	−18.5	−0.8
On dividends, interest, etc., going abroad	258.2	2.0	280.0	2.0	21.8	8.4
Social development tax	566.3	4.4	409.0	2.9	−157.3	−27.8
Excise taxes—						
Sales[1]	1,707.5	13.3	2,000.0	14.1	292.5	17.1
Other	403.2	3.2	395.0	2.8	−8.2	−2.0
Customs import duties	814.5	6.4	970.0	6.8	155.5	19.0
Excise duties	561.0	4.4	605.0	4.3	44.0	7.8
Estate tax	119.9	1.0	134.7	1.0	14.8	12.3
Other taxes	0.3		0.3			
	11,345.9	*88.7*	*12,534.0*	*88.6*	*1,188.1*	*10.5*
Non-tax revenue—						
Return on investments	1,000.2	7.8	1,095.0	7.8	94.8	9.5
Post Office—net postal revenue	337.6	2.6	400.0	2.8	62.4	18.5
Other non-tax revenue	119.3	0.9	116.0	0.8	−3.3	−2.8
	1,457.1	*11.3*	*1,611.0*	*11.4*	*153.9*	*10.6*
	12,803.0	100.0	14,145.0	100.0	1,342.0	10.5

All amounts are net after deduction of refunds and drawbacks.

[1] Excluding credits to the Old Age Security Fund:

	1970–71	1971–72 (preliminary)
Personal income tax	1,132.5	1,237.0
Corporation income tax	207.9	213.0
Sales tax	573.8	670.0
	1,914.2	2,120.0

Tax Revenue

The effect of the tax changes announced in June and October was to moderate the growth in revenue which ordinarily would accompany a period of rapid growth in the economy.

The tax reform amendments which became effective January 1, 1972 had little effect on budgetary revenue in 1971-72. The old age security taxes were eliminated after 1971 but the old age security fund remains and amounts determined by reference to the previously existing old age security tax rates are credited to this fund.

Federal-provincial tax collection agreements

Under fiscal arrangements, that became operative in 1962, the federal government withdrew in part from the field of direct taxation and left the vacated area to the provinces. The federal government has entered into tax-collection agreements under which it collects the provincial personal income taxes of all provinces except Quebec and the provincial corporation income taxes of all provinces except Ontario and Quebec.

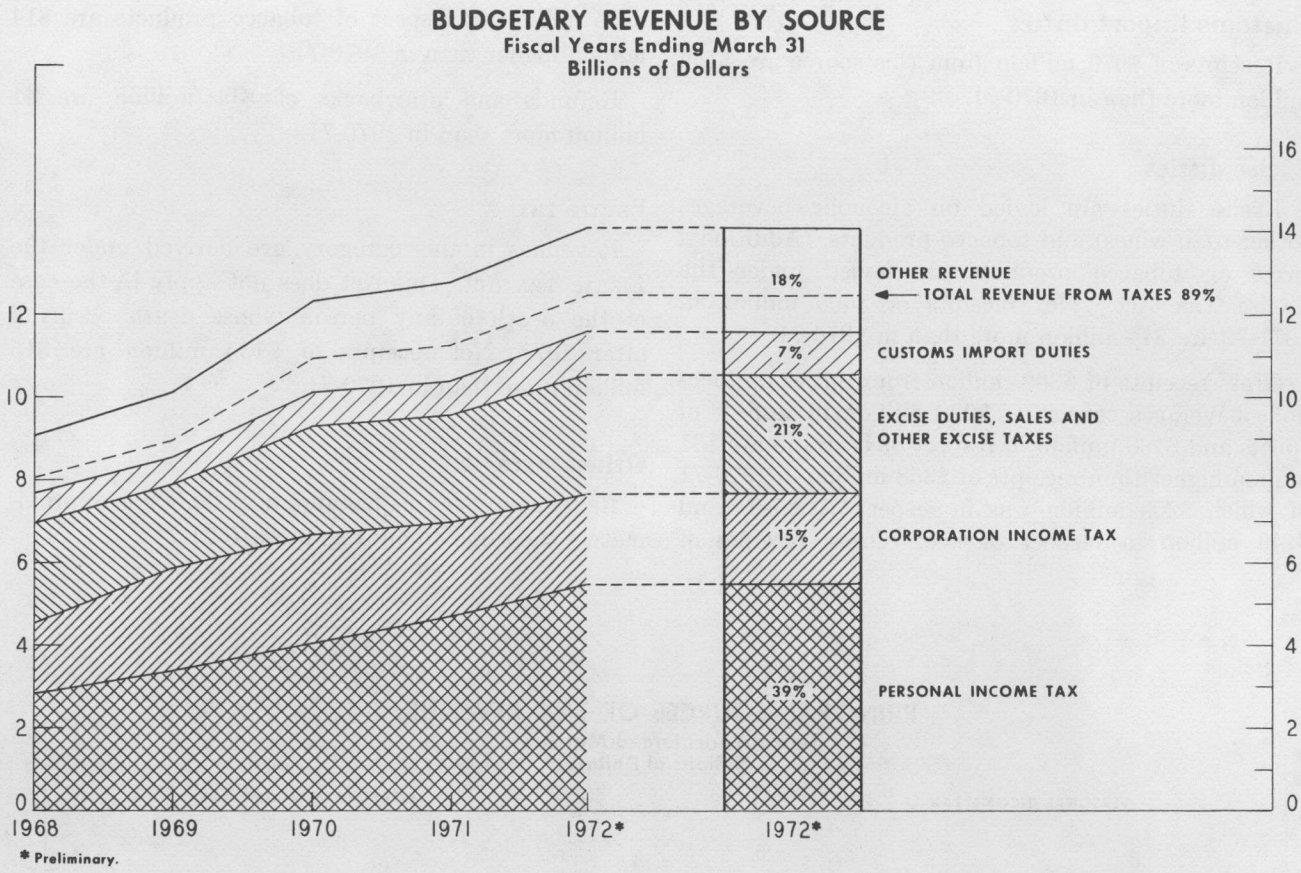
During the year collections were $2,138 million and payments to the provinces were $2,023 million.

Tax on personal incomes

As is shown in table 5, income tax is again the largest source of government budgetary revenue. The yield (excluding the old age security tax) is $5,540 million or 39 per cent of total budgetary revenue. In 1970-71 the yield was $4,697 million or 37 per cent of total revenue. The increase is due mainly to a higher level of personal incomes during the fiscal year. The tax on personal incomes credited to the old age security fund is estimated to be $1,237 million compared with $1,133 million in 1970-71.

Corporation income tax

Corporation income tax is the second largest source of budgetary revenue. The yield (excluding the old



age security tax) is $2,200 million or 16 per cent of total budgetary revenue compared with $2,219 million or 17 per cent in 1970-71. The decrease of $19 million is due partly to the tax reduction passed in 1971 and partly to the exercise by corporations of their option to base tax instalments on the income of the previous year. The tax on incomes of corporations credited to the old age security fund is estimated to be $213 million compared with $208 million in 1970-71.

Taxes on dividends, interest, etc., going abroad

Revenue in this category is derived from taxes withheld from dividends, interest, rents, royalties, alimony, and income from estates and trusts paid to non-residents. Collections of $280 million in 1971-72 are $22 million more than in 1970-71.

Social development tax

This tax first took effect for the taxation year 1969 and was discontinued effective January 1, 1972 under the new income tax provisions. The tax, which was imposed on individuals, was the lesser of 2 per cent of taxable income or $120. During 1971-72 the yield is $409 million compared with $566 million in 1970-71.

Excise taxes

Excise taxes including the sales tax total $2,395 million or 17 per cent of total budgetary revenue compared with $2,111 million or 17 per cent in 1970-71.

From a revenue standpoint the general sales tax is the most important tax levied under the Excise Tax Act. Receipts (excluding the amount credited to the old age security fund) of $2,000 million are $293 million more than in 1970-71.

The sales tax credited to the old age security fund is $670 million compared with $574 million in 1970-71.

The yield from other excise taxes is $395 million, of which $331 million is in respect of tobacco products. In 1970-71 the yield was $403 million of which $319 million was in respect of tobacco products.

Customs import duties

Receipts of $970 million from this source are $156 million more than in 1970-71.

Excise duties

Excise duties are levied on alcoholic beverages (other than wines) and tobacco products. (Additional taxes on tobacco products are levied under the Excise Tax Act.) Net receipts of $605 million in 1971-72 are $44 million more than in 1970-71.

Gross receipts of $389 million from duties on alcoholic beverages consist of $229 million in respect of spirits and $160 million in respect of beer and are $31 million higher than receipts of $358 million in 1970-71 of which $209 million was in respect of spirits and $149 million in respect of beer. Gross receipts of $226 million in respect of tobacco products are $14 million higher than in 1970-71.

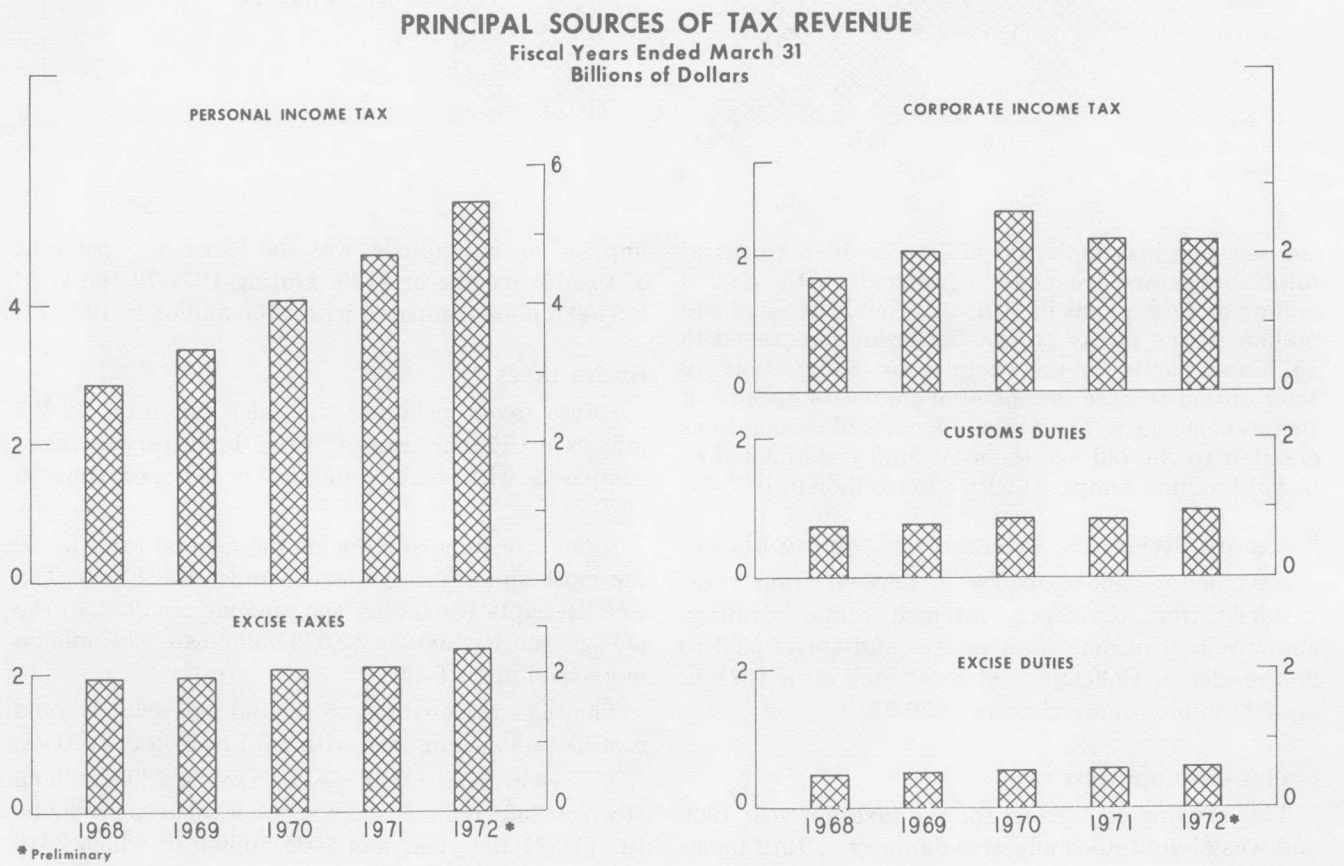
Refunds and drawbacks of $11 million are $1 million more than in 1970-71.

Estate tax

Revenues in this category are derived under the Estate Tax Act. This Act does not apply in the case of the death of any person whose death occurred after 1971. Net receipts of $135 million are $15 million more than in 1970-71.

Other taxes

Revenue under this heading of $300,000 is approximately the same amount as in 1970-71.



Non-Tax Revenue

Non-tax revenue in the amount of $1,611 million is $154 million more than in 1970-71. The main changes are increases of $95 million in return on investments and $62 million in net postal revenue.

Return on investments

These receipts amounting to $1,095 million consist of income derived from loans and advances made by the government and from investments by the government in productive or earning assets. In 1970-71 receipts were $1,000 million.

Receipts from crown corporations at $778 million are $73 million more than in 1970-71 due mainly to increases of $15 million in Bank of Canada profits paid to the government and $48 million in payments by the Central Mortgage and Housing Corporation.

The yield from other loans and investments at $317 million is $21 million more than in 1970-71. The main changes are increases of $19 million in profits of the exchange fund account and $16 million in interest on Receiver General deposits with the chartered banks.

TABLE 6

(in millions of dollars)

Non-Tax Revenue	Fiscal year ended March 31		Increase or decrease (−)	
	1971	1972 (preliminary)	Amount	Per cent
Return on investments	1,000.2	1,095.0	94.8	9.5
Post Office—net postal revenue	337.6	400.0	62.4	18.5
Refunds of previous years' expenditure	23.0	22.0	−1.0	−4.3
Services and service fees	17.1	17.0	−0.1	−0.6
Proceeds from sales	14.0	13.0	−1.0	−7.1
Privileges, licences and permits	26.3	26.0	−0.3	−1.1
Bullion and coinage	19.9	19.0	−0.9	−4.5
Premium, discount and exchange	0.8	1.0	0.2	25.0
Other	18.2	18.0	−0.2	−1.1
	1,457.1	1,611.0	153.9	10.6

TABLE 7

(in millions of dollars)

Return on Investments	Fiscal year ended March 31		Increase or decrease (−)
	1971	1972 (preliminary)	
Loans to, and investments in, crown corporations—			
Bank of Canada—profits	250.3	265.0	14.7
Canadian Broadcasting Corporation	7.4	9.0	1.6
Canadian National Railways	58.4	54.0	−4.4
Central Mortgage and Housing Corporation	266.0	314.0	48.0
Export Development Corporation	13.9	19.0	5.1
Farm Credit Corporation	67.0	72.0	5.0
Northern Canada Power Commission	11.4	16.0	4.6
The St. Lawrence Seaway Authority	12.9	14.0	1.1
Other	17.5	15.2	−2.3
	704.8	*778.2*	*73.4*
Other loans and investments—			
National governments	24.3	23.0	−1.3
Provincial governments	3.3	5.5	2.2
Exchange Fund Account	175.5	194.0	18.5
Interest-bearing deposits with chartered banks	25.2	41.0	15.8
Municipal Development and Loan Board	14.6	14.0	−0.6
Soldier and general land settlement loans and Veterans Land Act advances	22.0	23.0	1.0
Miscellaneous	30.5	16.3	−14.2
	295.4	*316.8*	*21.4*
	1,000.2	1,095.0	94.8

Post Office revenue

Gross receipts from Post Office operations are $483 million but authorized disbursements from revenue for salaries and rent allowances, other allowances and commissions at semi-staff and revenue offices, commissions at sub-offices, transit charges on Canadian mail forwarded through and delivered in foreign countries, etc., in the amount of $56 million and revenue credits of $27 million to expenditure result in net revenue of $400 million. In 1970-71 comparable amounts were gross receipts of $418 million, authorized disbursements of $55 million, credits of $25 million to expenditure and net revenue of $338 million.

As is shown in the section on budgetary expenditure the net costs of operating the Post Office during 1971-72 (excluding the $83 million charged to revenue) are $412 million. Given net revenue of $400 million, there is an operating deficit of $12 million. In 1970-71 net costs of $369 million and net revenue of $338 million resulted in an operating deficit of $31 million.

TABLE 8

(in millions of dollars)

Post Office Revenue	Fiscal year ended March 31		Increase or decrease (−)
	1971	1972 (preliminary)	
Postage—			
In Canada	393.9	459.0	65.1
From foreign countries	9.1	6.6	−2.5
Money orders	9.9	11.4	1.5
Rental of post office boxes	5.1	5.4	0.3
Other	0.2	0.6	0.4
	418.2	*483.0*	*64.8*
Less—			
Credited to appropriations	−25.5	−27.0	−1.5
Credited to revenue—			
Salaries and allowances—			
Revenue post offices	−13.4	−12.0	1.4
Semi-staff post offices	−29.6	−29.5	0.1
Sub-post offices	−6.4	−7.2	−0.8
Postage and transit charges to or through foreign countries	−4.5	−4.8	−0.3
Other	−1.2	−2.5	−1.3
	−80.6	*−83.0*	*−2.4*
	337.6	400.0	62.4

Refunds of previous years' expenditure

Refunds of $22 million include $3 million in receipts by the Department of National Defence (mainly from adjustments to cost audits and contracts with the United States government) and $4 million in receipts by the Department of Veterans Affairs (mainly from refunds of veterans pensions, allowances and re-establishment credits). In 1970-71 refunds totalled $23 million.

Services and service fees

Revenue of $17 million from this source includes $9 million received by the Department of Agriculture (mainly for services for the inspection, weighing, storage and elevation of grain) and $3 million received by the Department of Consumer and Corporate Affairs (mainly from inspection fees in respect of weights and measures, and electricity and gas). In 1970-71 revenue totalled $17 million.

Proceeds from sales

Revenue of $13 million includes receipts of $7 million by the Department of Supply and Services ($4 million from the sale of surplus crown assets and $3 million from sales of publications). In 1970-71 revenue totalled $14 million.

Privileges, licences and permits

Revenue from this source in the amount of $26 million includes $7 million in receipts by the Department of Indian Affairs and Northern Development (mainly in respect of oil, gas and gold), $7 million in receipts by the Department of Public Works (mainly from rentals) and $9 million in receipts by the Department of Consumer and Corporate Affairs in respect of patents, trade marks, charters, etc. In 1970-71 revenue from this source was $26 million.

Bullion and coinage

This revenue which is derived from transactions in the bullion and coinage working capital advance is $19 million compared with $20 million in 1970-71.

Premium, discount and exchange

These transactions reflect net revenue of $1 million compared with $1 million in 1970-71.

Miscellaneous non-tax revenue

Miscellaneous revenue is $18 million approximately the same as the previous year.

EXPENDITURE

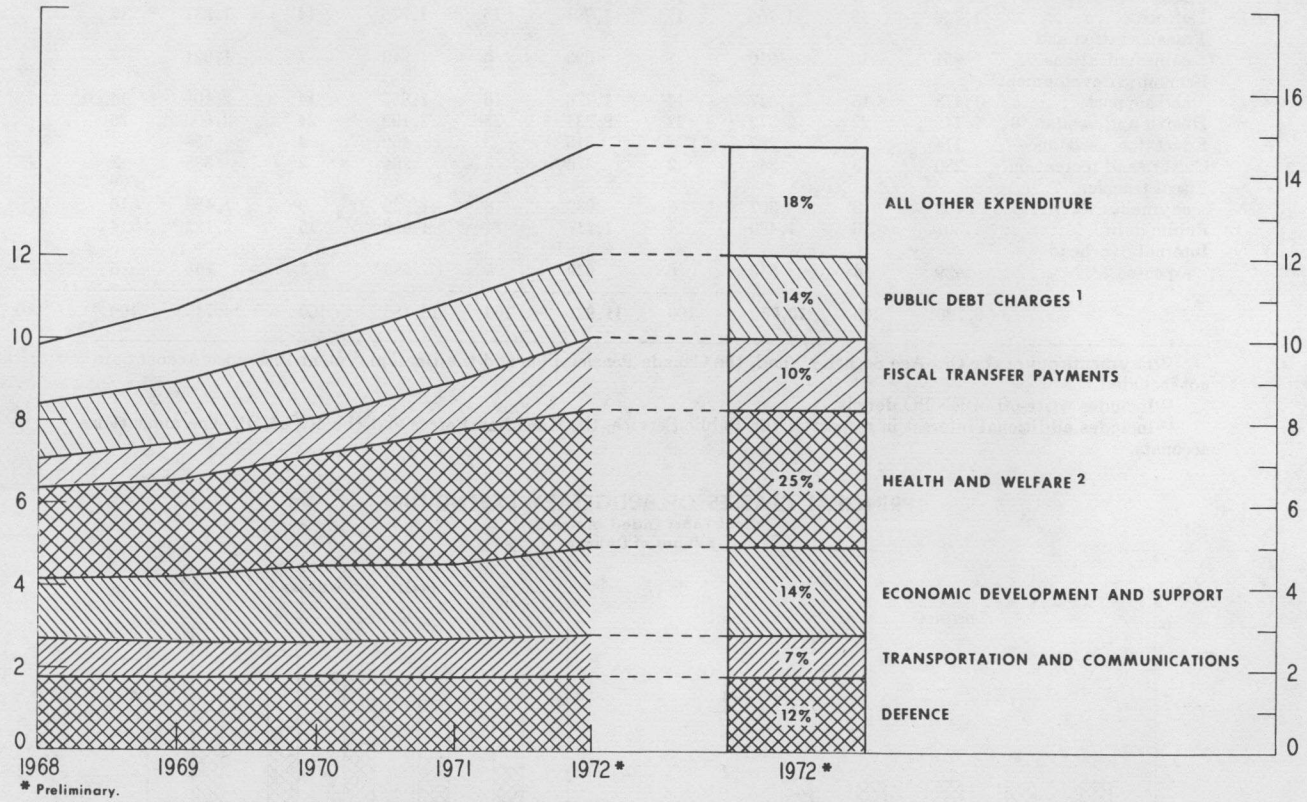
Budgetary expenditure for 1971-72 is estimated at $14,745 million, $1,563 million more than the 1970-71 total of $13,182 million.

The main changes are increases of $390 million by the Department of Finance, $99 million by the Department of Industry, Trade and Commerce, $82 million by the Department of National Defence, $376 million by the Department of National Health and Welfare and $140 million by the Department of the Secretary of State.

BUDGETARY EXPENDITURE, CLASSIFIED BY FUNCTION

Fiscal Years Ending March 31

Billions of Dollars



* Preliminary.

1. Includes additional interest in respect of the Public Services, the Canadian Forces and the R.C.M.P. superannuation accounts.
2. Does not include payments out of old age security fund.

TABLE 9
BUDGETARY EXPENDITURE CLASSIFIED BY FUNCTION
(in millions of dollars)

Function	Fiscal year ended March 31									
	1968		1969		1970		1971		1972 (preliminary)	
	Amount	Per cent	Amount	Per cent	Amount	Per cent	Amount	Per cent	Amount	Per cent
General government services	376	4	411	4	505	4	576	4	662	5
Foreign affairs	217	2	227	2	243	2	281	2	309	2
Defence	1,759	18	1,762	17	1,791	15	1,775	14	1,837	12
Transportation and communications	951	10	910	8	893	8	940	7	1,021	7
Economic development and support	1,473	15	1,527	14	1,776	15	1,857	14	2,108	14
Health and welfare[1]	2,142	22	2,372	22	2,734	23	3,192	24	3,600	25
Education assistance	114	1	287	3	315	3	462	4	558	4
Culture and recreation	280	3	244	2	376[2]	3	264	2	338	2
Fiscal transfer payments	738	8	867	8	932	8	1,229	9	1,429	10
Public debt	1,301	13	1,480	14	1,717	14	1,920[3]	15	2,122[3]	14
Internal overhead expenses	439	4	643	6	639	5	686	5	761	5
	9,790	100	10,730	100	11,921	100	13,182	100	14,745	100

[1] Payments out of the Old Age Security Fund, the Canada Pension Plan and the Unemployment Insurance Account are not included.

[2] Includes write-off of EXPO deficit.

[3] Includes additional interest in respect of the Public Service, the Canadian Forces and the R.C.M.P. superannuation accounts.

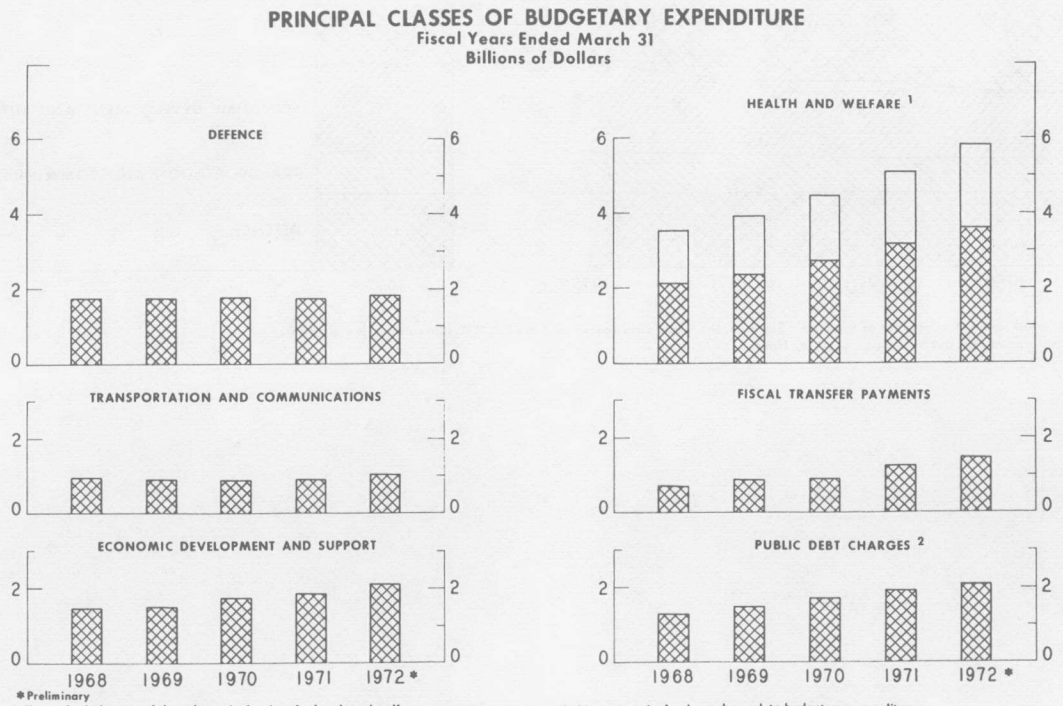


TABLE 10
STATEMENT OF BUDGETARY EXPENDITURE BY DEPARTMENTS
(in millions of dollars)

Department	Fiscal year ended March 31					
	1971		1972 (preliminary)		Increase or decrease (−)	
	Amount	Per cent	Amount	Per cent	Amount	Per cent
Agriculture	277.0	2.1	292.0	1.9	15.0	5.4
Communications	13.9	0.1	21.0	0.1	7.1	51.1
Consumer and Corporate Affairs	20.2	0.2	24.0	0.1	3.8	18.8
Energy, Mines and Resources	149.5	1.1	177.0	1.2	27.5	18.3
Environment	172.9	1.3	199.0	1.3	26.1	15.0
External Affairs	281.6	2.1	309.0	2.1	27.4	9.7
Finance	3,139.6	23.8	3,530.0	24.0	390.4	12.4
Governor General and Lieutenant-Governors	1.2		1.2			
Indian Affairs and Northern Development	350.6	2.7	416.0	2.8	65.4	18.6
Industry, Trade and Commerce	250.6	1.9	350.0	2.4	99.4	39.6
Justice	22.7	0.2	28.4	0.2	5.7	25.1
Labour	13.5	0.1	17.0	0.1	3.5	25.9
Manpower and Immigration	748.8	5.7	793.0	5.3	44.2	5.9
National Defence	1,817.9	13.8	1,900.0	12.8	82.1	4.5
National Health and Welfare	2,338.0	17.8	2,714.0	18.4	376.0	16.0
National Revenue	158.8	1.2	182.0	1.3	23.2	14.6
Parliament	27.2	0.2	34.4	0.2	7.2	26.4
Post Office	368.6	2.8	412.0	2.8	43.4	11.7
Privy Council	13.0	0.1	15.0	0.1	2.0	15.4
Public Works	330.7	2.5	343.0	2.3	12.3	3.7
Regional Economic Expansion	297.8	2.2	316.0	2.3	18.2	6.1
Secretary of State	707.9	5.4	848.0	5.7	140.1	19.7
Solicitor General	222.8	1.7	265.0	1.8	42.2	18.9
Supply and Services	74.7	0.6	80.0	0.5	5.3	7.0
Transport	433.8	3.3	494.0	3.4	60.2	13.8
Treasury Board	463.4	3.5	445.0	3.4	−18.4	−4.1
Urban Affairs and Housing	75.4	0.5	112.0	0.6	36.6	48.5
Veterans Affairs	410.0	3.1	427.0	2.9	17.0	4.1
	13,182.1	100.0	14,745.0	100.0	1,562.9	11.8

Agriculture

Expenditures of the Department of Agriculture together with those in respect of the Canadian Dairy Commission, the Canadian Livestock Feed Board and the Farm Credit Corporation total $292 million compared with $277 million in 1970-71.

Outlays for production and marketing at $159 million are $5 million higher than in 1970-71 due to larger payments for farm income maintenance. The charge to expenditure to cover the net operating loss of the Agricultural Stabilization Board is $127 million compared with $126 million in 1970-71.

Research costs are $49 million compared with $48 million in 1970-71; expenditures for the health of animals program are $27 million compared with $24 million; and expenditures in respect of the Canadian Livestock Feed Board are $20 million compared with $21 million in 1970-71.

TABLE 11
(in millions of dollars)

Agriculture	Fiscal year ended March 31		Increase or decrease (−)
	1971	1972 (preliminary)	
Department—			
Production and marketing—			
Agricultural Stabilization Board	126.4	127.0	0.6
Other	27.3	32.0	4.7
	153.7	*159.0*	*5.3*
Research program	47.8	49.0	1.2
Health of animals	24.0	27.0	3.0
Canadian Grain Commission	10.7	13.0	2.3
Administration and general	11.0	14.7	3.7
	247.2	262.7	15.5
Farm Credit Corporation—net operating loss	8.6	8.4	−0.2
Canadian Dairy Commission	0.4	0.5	0.1
Canadian Livestock Feed Board	20.8	20.4	−0.4
	277.0	292.0	15.0

Communications

Expenditures for the Department of Communications are $21 million compared with $14 million in 1970-71. The increase is due mainly to higher outlays for communications and space applications which are $16 million compared with $12 million.

TABLE 12

(in millions of dollars)

Communications	Fiscal year ended March 31		Increase or decrease (−)
	1971	1972 (preliminary)	
Communications and space application research and development	12.4	16.4	4.0
Management of the radio frequency spectrum	6.1	7.3	1.2
Administration and development	4.0	5.6	1.6
	22.5	29.3	6.8
Revenue credited to the vote	−8.6	−8.3	0.3
	13.9	21.0	7.1

Consumer and Corporate Affairs

Expenditures of the Department of Consumer and Corporate Affairs are $24 million, $4 million more than in 1970-71, due mainly to higher outlays of $1 million for consumer affairs and $2 million for corporate affairs.

TABLE 13

(in millions of dollars)

Consumer and Corporate Affairs	Fiscal year ended March 31		Increase or decrease (−)
	1971	1972 (preliminary)	
Consumer affairs	7.5	8.8	1.3
Corporate affairs	7.2	8.8	1.6
Combines investigations and competition policy	1.6	2.2	0.6
Prices and Incomes Commission	2.1	1.8	−0.3
Administration and general	1.8	2.4	0.6
	20.2	24.0	3.8

Energy, Mines and Resources

Expenditures of the Department of Energy, Mines and Resources including those in respect of Atomic Energy of Canada Limited, the Atomic Energy Control Board and the National Energy Board total $177 million compared with $150 million in 1970-71.

Outlays of $30 million for the earth sciences program are $9 million higher, outlays of $48 million for the mineral and energy resources program are $6 million higher and outlays of $89 million in respect of atomic energy are $12 million higher than in 1970-71.

Upon the establishment of the Department of Environment, the water resources branch was transferred from the Department of Energy, Mines and Resources to that department. Prior years figures have been adjusted accordingly.

TABLE 14

(in millions of dollars)

Energy, Mines and Resources	Fiscal year ended March 31		Increase or decrease (−)
	1971	1972 (preliminary)	
Earth sciences—			
Research satellite	0.6	6.0	5.4
Field and air surveys	13.4	13.8	0.4
Geological research	1.3	2.8	1.5
Research in geophysics	4.0	4.2	0.2
Other	1.3	2.6	1.3
	20.6	*29.4*	*8.8*
Mineral and energy resources—			
Energy development	6.6	6.9	0.3
Mineral development	14.5	16.2	1.7
Mining and metallurgical investigation and research	9.3	10.6	1.3
Geological research and surveys	10.5	13.3	2.8
Other	1.2	1.0	−0.2
	42.1	*48.0*	*5.9*
Administration and general	7.7	7.6	−0.1
	70.4	85.0	14.6
Atomic Energy Control Board	7.7	12.0	4.3
Atomic Energy of Canada Limited	69.0	77.0	8.0
National Energy Board	2.4	3.0	0.6
	149.5	177.0	27.5

Environment

This is a new department and is comprised of the former Department of Fisheries and Forestry, the water resources program from the Department of Energy, Mines and Resources, the Canadian wildlife service from the Department of Indian Affairs and

Northern Development, the public health engineering and air pollution services from the Department of National Health and Welfare and the meteorological services from the Department of Transport. Prior years figures have been adjusted for comparative purposes.

Expenditures of $109 million for the environmental quality program include $62 million in respect of water resources and $25 million in respect of meteorological services. In 1970-71 expenditures of $88 million included $43 million for water resources and $37 million for meteorological services.

Expenditures of $83 million for the renewable resources program include $38 million in respect of fisheries, $23 million in respect of forestry, $15 million in respect of aquatic renewable resources and $7 million for Canadian wildlife service. In 1970-71 expenditures of $81 million included $35 million for fisheries, $23 million for forestry, $19 million for aquatic renewable resources and $5 million for Canadian wildlife service.

TABLE 15
(in millions of dollars)

Environment	Fiscal year ended March 31		Increase or decrease (—)
	1971	1972 (preliminary)	
Environmental quality—			
Fisheries and forestry	7.0	19.8	12.8
Water resources	43.2	62.2	19.0
Atmospheric sciences	1.6	2.5	0.9
Meteorological services	36.6	24.7	−11.9
	88.4	*109.2*	*20.8*
Renewable resources—			
Fisheries management and development	34.5	38.2	3.7
Aquatic renewable resources	18.7	14.7	−4.0
Forestry research and services	23.2	22.9	−0.3
Canadian wildlife service	4.7	7.6	2.9
	81.1	*83.4*	*2.3*
Administration	3.4	6.4	3.0
	172.9	199.0	26.1

External Affairs

Expenditures of the Department of External Affairs, including the Canadian International Development Agency and the International Joint Commission, total $309 million compared with $282 million in 1970-71.

Expenditures of the department in the amount of $94 million are $23 million higher than in the previous year and include $60 million for foreign operations ($43 million in 1970-71) and $16 million for membership and support of international organizations ($16 million in 1970-71).

Expenditures of the Canadian International Development Agency of $215 million are $5 million higher than in 1970-71. Economic assistance at $102 million is $27 million less than in the previous year and international emergency relief at $23 million is $19 million more than in 1970-71.

TABLE 16
(in millions of dollars)

External Affairs	Fiscal year ended March 31		Increase or decrease (—)
	1971	1972 (preliminary)	
Department—			
Foreign operations	43.4	60.0	16.6
Membership in and support of international organizations	15.5	16.2	0.7
Administration and general	12.3	17.8	5.5
	71.2	*94.0*	*22.8*
Canadian International Development Agency—			
Economic assistance	128.7	102.0	−26.7
Technical assistance	36.0	38.0	2.0
Grants to multilateral international assistance programs	23.9	29.0	5.1
Contributions to development assistance projects of Canadian organizations	8.5	11.0	2.5
International emergency relief	3.3	22.5	19.2
Other	9.5	12.0	2.5
	209.9	*214.5*	*4.6*
International Joint Commission	0.5	0.5	
	281.6	309.0	27.4

Finance

Expenditures of the Department of Finance including those of the Auditor General, the Department of Insurance and the Tariff Board total $3,530 million compared with $3,140 million in 1970-71.

The main changes are increases of $200 million in fiscal transfer payments to provinces and $172 million in public debt charges.

TABLE 17
(in millions of dollars)

Finance	Fiscal year ended March 31		Increase or decrease (—)
	1971	1972 (preliminary)	
Public debt charges	1,822.8	1,995.0	172.2
Fiscal transfer payments	1,228.9	1,429.0	200.1
Municipal grants	54.1	58.0	3.9
Guaranteed loans	21.5	33.0	11.5
Administration and general	7.7	9.5	1.8
	3,135.0	3,524.5	389.5
Auditor General	3.1	4.0	0.9
Insurance	1.0	1.0	
Tariff Board	0.5	0.5	
	3,139.6	3,530.0	390.4

Public debt charges

Public debt charges consist of interest on public debt, the annual amortization of bond discounts and commissions, the cost of issuing new loans and other costs incurred in servicing the public debt. These charges in the amount of $1,995 million include interest of $1,948 million of which $1,573 million is in respect of unmatured debt and $375 million in respect of other liabilities.

The increase of $168 million mainly reflects an increase in unmatured debt.

When considering the magnitude of these public debt charges and the burden they place upon the public treasury, it must be borne in mind that a substantial portion of the debt is attributable to, or is invested in, productive or earning assets. Therefore, in calculating the *net* burden of the government's annual interest charges, the income derived from loans, investments and other productive assets must be taken into account. For 1971-72 this income is $1,095 million as shown in the non-tax revenue section under "return on investments". This amount deducted from the gross total of $2,075 million as shown in table 19 leaves a net amount of $980 million compared with a net of $878 million in 1970-71. Measured as a percentage of net debt, the burden of the net annual interest charges is 5.46 per cent in 1971-72 compared with 5.06 per cent in 1970-71. As a percentage of the gross national product for the calendar year ending within the fiscal year, the relative burden is 1.06 per cent compared with 1.04 per cent in 1970-71.

TABLE 18
(in millions of dollars)

Interest and Other Public Debt Charges	Fiscal year ended March 31		Increase or decrease (—)
	1971	1972 (preliminary)	
Interest on public debt—			
Unmatured debt including treasury bills—			
Payable in Canadian dollars	1,405.6	1,556.0	150.4
Payable in foreign currencies	18.7	17.0	−1.7
	1,424.3	*1,573.0*	*148.7*
Other liabilities—			
Annuity, insurance and pension accounts[1]	347.7	362.0	14.3
Deposit and trust accounts	7.5	13.0	5.5
Refundable portion of corporation income tax	0.1		−0.1
	355.3	*375.0*	*19.7*
Total interest on public debt[1]	1,779.6	1,948.0	168.4
Other public debt charges—			
Annual amortization of bond discounts and commissions	39.0	41.0	2.0
Cost of issuing new loans	2.9	4.0	1.1
Servicing of public debt	1.3	2.0	0.7
	43.2	*47.0*	*3.8*
	1,822.8	1,995.0	172.2

[1]Additional interest of $45.7 million in 1970–71 and $59.0 million in 1971–72 is included in National Defence expenditures; $49.5 million in 1970–71 and $65.0 million in 1971–72 in Treasury Board expenditures; and $2.3 million in 1970–71 and $2.6 million in 1971–72 in Royal Canadian Mounted Police expenditures.

TABLE 19
(in millions of dollars)

Net Burden of Annual Interest Charges	Fiscal year ended March 31		Increase or decrease (—)
	1971	1972 (preliminary)	
Total interest on public debt	1,877.7	2,074.6	196.9
Less return on investments	1,000.2	1,095.0	94.8
Net interest cost	877.5	979.6	102.1
Net interest cost as a percentage of net debt	5.06	5.46	

Fiscal transfer payments to provinces

These payments total $1,429 million, $200 million more than in 1970-71.

Payments of $1,128 million under the Federal-Provincial Fiscal Arrangements Act are $141 million higher than in 1970-71.

Payments of $273 million under the Established Programs (Interim Arrangements) Act to the Prov-

ince of Quebec are in respect of compensation to that province for its opting out of the following programs: hospital insurance and diagnostic services, old age assistance, disabled persons allowances, blind persons allowances, unemployment assistance, and the Canada Assistance Plan; and, in part, the general health grants program. Payments were $213 million in 1970-71.

Subsidies to provinces payable under the British North America Acts and other statutory authority are $34 million, $2 million more than in 1970-71.

The transfer of certain public utility tax receipts in the amount of $25 million are $1 million more than in 1970-71 and represent the transferable portion of income tax received from corporations whose main business is the distribution to, or generation for distribution to, the public of electrical energy, gas and steam.

The Federal-Provincial Fiscal Revision Act, 1964, provides that where, in any fiscal year commencing on or after April 1, 1964, the federal savings in respect of a province providing schooling exceeds the federal revenue abatement in respect of that province for the taxation year ending in that fiscal year, the Minister of Finance may, out of the consolidated revenue fund, pay to that province in respect of that fiscal year an amount equal to the excess and where for a taxation year ending in any fiscal year commencing on or after April 1, 1964 the federal revenue abatement in respect of a province providing schooling allowances exceeds the federal savings in that fiscal year in respect of that province, the amount of the excess may be deducted from any payment to that province under the Federal-Provincial Fiscal Arrangements Act or under any subsequent Act of the Parliament of Canada substituted therefore, or may be otherwise recovered as a debt due to Canada by that province. The abatement for the taxation year 1971 and the revised abatement for the taxation year 1970 in respect of the Province of Quebec exceeded the federal savings by $32 million which has been recovered from payments to that province under the Established Programs (Interim Arrangements) Act. In 1970-71 the abatement for the taxation year 1970 exceeded the federal savings by $28 million and was recovered.

TABLE 20
(in millions of dollars)

Fiscal Transfer Payments to Provinces	Fiscal year ended March 31		Increase or decrease (−)
	1971	1972 (preliminary)	
Payments under the Federal-Provincial Fiscal Arrangements Act	(1)987.4	1,128.4	141.0
Payments under the Established Programs (Interim Arrangements) Act	213.1	(1)273.2	60.1
Statutory subsidies	31.8	33.8	2.0
Transfer of certain public utility tax receipts	24.1	25.4	1.3
Federal-Provincial Fiscal Revision Act (youth allowances)	−27.5	−31.8	−4.3
	1,228.9	1,429.0	200.1

(1)Gross prior to recovery of an excess abatement under the Federal-Provincial Fiscal Revision Act (youth allowances) to the Province of Quebec.

TABLE 21
(in millions of dollars)

Fiscal Transfer Payments	Fiscal year ended March 31, 1972 (preliminary)					
	Payments under Fiscal Arrangements	Payments under Interim Arrangements Act	Statutory subsidies	Recovery under the Federal-Provincial Fiscal Revision Act (youth allowances)	Transfer of certain public utilities tax receipts	Total
Newfoundland	120.5		9.7		1.1	131.3
Nova Scotia	98.8		2.2		1.7	102.7
Prince Edward Island	23.2		0.6		0.2	24.0
New Brunswick	98.5		1.8		0.1	100.4
Quebec	571.1	273.2	4.5	−31.8	3.2	820.2
Ontario	25.7		5.6		11.2	42.5
Manitoba	63.5		2.1		0.8	66.4
Saskatchewan	118.5		2.1		(1)	120.6
Alberta	8.6		3.1		6.4	18.1
British Columbia			2.1		0.5	2.6
Yukon and Northwest Territories					0.2	0.2
	1,128.4	273.2	33.8	−31.8	25.4	1,429.0

(1)Less than $50,000.

Governor General

Included in these expenditures are the salaries of the Governor General of Canada and the Lieutenant-Governors of the provinces and other expenses of these offices. Expenditures of $1 million are approximately the same as in 1970-71.

Indian Affairs and Northern Development

Expenditures of this department of $416 million are $65 million more than in 1970-71. In 1971-72 the Canadian wildlife service was transferred from this department to the Department of Environment; previous years figures have been adjusted for comparative purposes.

TABLE 22
(in millions of dollars)

Indian Affairs and Northern Development	Fiscal year ended March 31		Increase or decrease (−)
	1971	1972 (preliminary)	
Indian and Eskimo affairs—			
Education	104.9	111.0	6.1
Community affairs	97.7	109.0	11.3
Economic development	10.1	14.0	3.9
Other	15.0	17.0	2.0
	227.7	*251.0*	*23.3*
Northern development—			
Northern economic development	22.0	43.0	11.5
Territorial relations	9.5		
Grants and contributions	50.2	65.0	14.8
	81.7	*108.0*	*26.3*
Conservation—			
National parks	22.2	31.0	8.8
Historic sites	8.2	12.0	3.8
Other	3.1	5.0	1.9
	33.5	*48.0*	*14.5*
Administration and general	7.7	9.0	1.3
	350.6	416.0	65.4

Expenditures of $251 million for Indian and Eskimo affairs include $111 million for education, $109 million for community affairs and $14 million for economic development. In 1970-71 expenditures of $228 million included $105 million for education, $98 million for community affairs and $10 million for economic development.

Expenditures of $108 million for northern development include $65 million for grants and contributions (mainly to the Yukon and Northwest Territories), $43 million for nothern economic development and territorial relations. In 1970-71 expenditures of $82 million included $50 million for grants and contributions, $22 million for northern economic development and $10 million for territorial relations.

Expenditures of $48 million for the conservation program include $31 million in respect of national parks and $12 million in respect of historic sites. In 1970-71 expenditures of $34 million included $22 million for national parks and $8 million for historic sites.

Industry, Trade and Commerce

Expenditures of the Department of Industry, Trade and Commerce including those of Statistics Canada total $350 million compared with $251 million in 1970-71.

Outlays of $182 million for the trade-industrial program are $38 million higher than in 1970-71 and include $67 million for technological capability ($58 million in 1970-71), $30 million for general incentives to industry ($30 million in 1970-71) and $15 million for capital subsidies for the construction of commercial and fishing vessels ($14 million in 1970-71).

Costs of the grains program of $88 million are $34 million higher than in 1970-71. Statistics Canada expenditures of $69 million are $30 million more than in the previous year due mainly to costs of the 1971 census.

TABLE 23
(in millions of dollars)

Industry, Trade and Commerce	Fiscal year ended March 31		Increase or decrease (−)
	1971	1972 (preliminary)	
Trade-industrial program—			
Technological capability (defence)	45.1	38.8	−6.3
Technological capability (non-defence)	13.0	28.1	15.1
Capital subsidies for the construction of commercial and fishing vessels	13.7	15.0	1.3
General incentives to industry	30.1	30.0	−0.1
Administration and general	42.0	70.0	28.0
	143.9	*181.9*	*38.0*
Tourism program	11.2	11.0	−0.2
Grains program	53.6	88.0	34.4
World exhibitions	2.9	0.1	−2.8
	211.6	281.0	69.4
Statistics Canada	39.0	69.0	30.0
	250.6	350.0	99.4

Justice

Expenditures of the Department of Justice are $28 million compared with $23 million in 1970-71.

Judges' salaries and allowances are $16 million compared with $11 million and outlays for legal services are $9 million compared with $7 million in the previous year.

TABLE 24
(in millions of dollars)

Justice	Fiscal year ended March 31		Increase or decrease (−)
	1971	1972 (preliminary)	
Legal services	6.7	9.0	2.3
Judges' salaries and allowances	11.2	16.4	5.2
Administration and general	4.8	3.0	−1.8
	22.7	28.4	5.7

Labour

Expenditures of the Department of Labour are $17 million, $4 million more than in 1970-71.

Expenditures in respect of the Unemployment Insurance Commission which in previous years was included under the Department of Labour are now shown under the Department of Manpower and Immigration.

TABLE 25
(in millions of dollars)

Labour	Fiscal year ended March 31		Increase or decrease (−)
	1971	1972 (preliminary)	
Program expenditures	9.5	13.0	3.5
Payments of compensation respecting public service employees and merchant seamen	4.0	4.0	
	13.5	17.0	3.5

Manpower and Immigration

Included under this heading are the Department of Manpower and Immigration and the Unemployment Insurance Commission.

Expenditures of the department at $630 million are $59 million more than in 1970-71. Development and utilization of manpower costs of $585 million are $56 million more than in the previous year and include $490 million for employment and training services ($352 million in 1970-71) and $76 million for co-operation with the provinces in the provision of training facilities ($170 million in 1970-71). These latter expenditures represent the federal government's terminal commitments under the training facilities agreements. Costs of immigration services at $23 million are approximately the same as in the previous year.

Expenditures in respect of the Unemployment Insurance Commission, which were included under the Department of Labour in 1970-71, total $163 million compared with $178 million in 1970-71.

TABLE 26
(in millions of dollars)

Manpower and Immigration	Fiscal year ended March 31		Increase or decrease (−)
	1971	1972 (preliminary)	
Development and utilization of manpower—			
Employment and training services	352.2	490.0	137.8
Co-operation with the provinces in the provision of training facilities	170.3	76.0	−94.3
Administration and general	7.0	19.0	12.0
	529.5	*585.0*	*55.5*
Immigration—			
Recruitment selection	13.6	13.0	−0.6
Enforcement and control	7.3	9.0	1.7
Administration	1.9	1.0	−0.9
	22.8	*23.0*	*0.2*
Program development	6.1	7.0	0.9
Immigration Appeal Board	0.7	1.0	0.3
Administration and general	11.7	14.0	2.3
	570.8	630.0	59.2
Unemployment Insurance Commission—			
Government's contribution to the unemployment insurance account	99.0	89.0	−10.0
Administration and general	79.0	74.0	−5.0
	178.0	*163.0*	*−15.0*
	748.8	793.0	44.2

National Defence

Expenditures of the Department of National Defence in the amount of $1,900 million are $82 million more than in 1970-71.

Expenditures of $1,821 million for defence services include $1,396 million for operating expenses, $206 million for capital outlays and $219 million in respect of military pensions and other benefits. In 1970-71 expenditures were $1,744 million and included $1,299 million for operating, $219 million for capital and $226 million in respect of pensions.

Outlays in respect of military pensions, pension contributions and other benefits include $74 million for the government's contribution to the Canadian forces superannuation account, $66 million for amortization of deferred charges and $59 million for additional interest in respect of the superannuation account. In 1970-71 the government's contribution was $70 million, amortization of deferred charges was $89 million and additional interest was $46 million.

Defence research costs of $47 million are $1 million more than in 1970-71.

TABLE 27
(in millions of dollars)

National Defence	Fiscal year ended March 31		Increase or decrease (−)
	1971	1972 (preliminary)	
Defence services—			
Operating expenditures	1,298.5	1,396.3	97.8
Capital expenditures	218.7	205.8	−12.9
Military pensions, pension contributions and other benefits—			
Superannuation account—			
Government's contribution	70.4	73.8	3.4
Amortization of deferred charges	89.4	66.0	−23.4
Additional interest	45.7	59.0	13.3
	205.5	*198.8*	*−6.7*
Other pensions, contributions and benefits	20.8	20.6	−0.2
	1,743.5	1,821.5	78.0
Defence research	45.9	47.3	1.4
Mutual aid to NATO countries including contributions towards military costs of NATO	14.4	14.4	
Civil emergency measures	5.0	5.0	
Defence Construction (1951) Limited	2.2	2.7	0.5
Administration and general	6.9	9.1	2.2
	1,817.9	1,900.0	82.1

National Health and Welfare

Expenditures of the Department of National Health and Welfare including those of the Medical Research Council are $2,714 million compared with $2,338 million in 1970-71. In 1971-72 expenditures in respect of air pollution and the public health engineering division were transferred from this department to the Department of Environment; 1970-71 figures have been adjusted for comparative purposes.

Outlays for welfare services are $1,105 million compared with $1,031 million in 1970-71; for health insurance and resources $1,482 million compared with $1,193 million; for medical services $47 million compared with $45 million; and for the Medical Research Council $35 million compared with $34 million.

Family allowances, family assistance and youth allowances

These expenditures total $617 million of which $555 million is family allowances, $60 million is youth allowances and $2 million is family assistance. In 1970-71 the total was $619 million of which $558 million was family allowances, $58 million was youth allowances and $3 million was family assistance.

Family allowances are payable in respect of all children under 16 years of age, resident in Canada, with minor exceptions such as children of immigrants who must reside in Canada one year before family allowance is payable. The monthly allowance is $6 if the child is under 10 years of age and $8 in the age group 10 to 15.

Family assistance is payable at the same rates on behalf of children of immigrants and settlers during their first year of residence in Canada.

Youth allowances are payable at the rate of $10 per month in respect of persons resident in Canada who have attained the age of 16 years and have not attained the age of 18 years and who are in full-time attendance at a school or university or are by reasons of mental or physical infirmity precluded from attending school or university. No payments were made in respect of persons resident in the Province of Quebec. However, under authority of the Federal-Provincial Fiscal Revision Act, abatements in federal income tax otherwise payable by individuals resident in that

province were allowed in compensation of the fact that the payment of youth allowances had been assumed by the province and to allow for the imposition of the required provincial income taxes.

TABLE 28
(in millions of dollars)

National Health and Welfare	Fiscal year ended March 31		Increase or decrease (−)
	1971	1972 (preliminary)	
Welfare services—			
Family allowances	557.9	554.5	−3.4
Youth allowances	58.0	59.8	1.8
Family assistance[1]	2.7	2.2	−0.5
Canada assistance plan—payments to provinces	391.6	462.4	70.8
Other	20.3	26.1	5.8
	1,030.5	*1,105.0*	*74.5*
Health insurance and resources—			
Government's contributions under the Hospital Insurance and Diagnostic Services Act	734.3	850.6	116.3
Health resources fund	37.5	37.0	−0.5
Medical Care Act	400.5	576.5	176.0
General health and construction grants to provinces	19.6	16.0	−3.6
Other	1.4	1.9	0.5
	1,193.3	*1,482.0*	*288.7*
Medical services	45.4	47.0	1.6
Health services	6.5	8.0	1.5
Food and drug services	15.6	19.0	3.4
Fitness and amateur sport	5.3	8.0	2.7
Administration and general	7.0	10.0	3.0
	2,303.6	2,679.0	375.4
Medical Research Council—			
Scholarships and grants in aid of research	34.0	34.5	0.5
Administration	0.4	0.5	0.1
	34.4	*35.0*	*0.6*
	2,338.0	2,714.0	376.0

[1]For comparative purposes, Welfare Grants in 1970-71 are included in other welfare services.

TABLE 29
(in millions of dollars)

	Fiscal year ended March 31, 1972 (preliminary)			
	Family allowances	Family assistance	Youth allowances	Total
Newfoundland	17.0	[1]	2.1	19.1
Nova Scotia	20.9	[1]	3.2	24.1
Prince Edward Island	3.1	[1]	0.5	3.6
New Brunswick	17.7	[1]	2.8	20.5
Quebec	155.9	0.3		156.2
Ontario	191.8	1.2	28.7	221.7
Manitoba	24.7	0.1	3.9	28.7
Saskatchewan	24.1	[1]	4.0	28.1
Alberta	44.5	0.2	6.6	51.3
British Columbia	53.1	0.4	7.9	61.4
Yukon and Northwest Territories	1.7	[1]	0.1	1.8
	554.5	2.2	59.8	616.5

[1]Less than $50,000.

Canada Assistance Plan

Payments to the provinces under the Canada Assistance Plan are $462 million compared with $392 million in 1970-71. The Canada Assistance Plan Act which was enacted in 1966 authorizes the federal government to enter into agreements with the provinces for sharing the costs of assistance and welfare services provided by the provinces, territories and municipalities to persons in need. The rate of the federal contribution is 50 per cent of the shareable costs; the rates of assistance granted and the specific conditions of eligibility applied are determined by the provinces and their municipalities and take into account the budgetary requirements as well as the income and resources of the applicants. Contributions under this plan have replaced certain contributions which formerly had been made under the Old Age Assistance Act, the Disabled Persons Act, the Blind Persons Act and the Unemployment Assistance Act. Under a federal-provincial agreement the Province of Quebec has opted out of a major portion of this program.

TABLE 30
(in millions of dollars)

Canada Assistance Plan	Fiscal year ended March 31		Increase or decrease (−)
	1971	1972 (prelim-imary)	
Newfoundland	22.0	24.8	2.8
Nova Scotia	16.7	19.5	2.8
Prince Edward Island	3.8	4.3	0.5
New Brunswick	15.2	18.7	3.5
Quebec		0.4	0.4
Ontario	176.4	211.3	34.9
Manitoba	28.2	35.4	7.2
Saskatchewan	20.6	24.7	4.1
Alberta	39.3	44.6	5.3
British Columbia	68.2	76.8	8.6
Yukon and Northwest Territories	1.2	1.9	0.7
	391.6	462.4	70.8

Hospital Insurance and Diagnostic Services Act

Contributions of $850 million to the provinces in 1971-72 under this Act are $116 million more than in 1970-71. Under federal-provincial agreement the Province of Quebec has opted out of this program.

TABLE 31
(in millions of dollars)

Government's Contributions under the Hospital Insurance and Diagnostic Services Act	Fiscal year ended March 31		Increase or decrease (−)
	1971	1972 (prelim-inary)	
Newfoundland	24.0	27.3	3.3
Nova Scotia	37.5	42.9	5.4
Prince Edward Island	4.8	5.2	0.4
New Brunswick	28.1	33.7	5.6
Ontario	368.8	434.0	65.2
Manitoba	46.9	53.4	6.5
Saskatchewan	44.0	49.9	5.9
Alberta	82.5	91.4	8.9
British Columbia	95.5	110.0	14.5
Yukon and Northwest Territories	2.2	2.8	0.6
	734.3	850.6	116.3

Medical Care Act

The Medical Care Act authorizes the payment of contributions by Canada towards the cost of insured medical services incurred by provinces pursuant to provincial medical care insurance plans.

The Provinces of Saskatchewan and British Columbia became participating provinces effective July 1, 1968; Nova Scotia, Newfoundland and Manitoba effective April 1, 1969; Alberta effective July 1, 1969; Ontario effective October 1, 1969; Quebec effective November 1, 1970; Prince Edward Island effective December 1, 1970; New Brunswick effective January 1, 1971 and Northwest Territories effective April 1, 1971.

Payments of $576 million are $176 million higher than in 1970-71.

TABLE 32
(in millions of dollars)

Contributions to Provinces under the Medical Care Act	Fiscal year ended March 31		Increase or decrease (−)
	1971	1972 (prelim-inary)	
Newfoundland	12.3	14.4	2.1
Nova Scotia	17.8	20.7	2.9
Prince Edward Island	0.8	2.9	2.1
New Brunswick	3.4	16.2	12.8
Quebec	56.1	159.8	103.7
Ontario	174.4	203.7	29.3
Manitoba	23.2	27.5	4.3
Saskatchewan	22.5	25.4	2.9
Alberta	38.1	45.0	6.9
British Columbia	51.9	60.0	8.1
Northwest Territories		0.9	0.9
	400.5	576.5	176.0

Health resources fund

The Health Resources Act provides for the establishment of a health resources fund to assist provinces in the acquisition, construction and renovation of health training facilities and research institutes.

Expenditures are $37 million, approximately the same as in 1970-71.

TABLE 33
(in millions of dollars)

Contributions to Provinces under the Health Resources Fund Act	Fiscal year ended March 31		Increase or decrease (−)
	1971	1972 (prelim-inary)	
Newfoundland	0.1	0.7	0.6
Nova Scotia	0.4	1.2	0.8
Prince Edward Island	(1)		
New Brunswick	0.2		−0.2
Quebec	8.7	7.6	−1.1
Ontario	19.5	17.0	−2.5
Manitoba	0.8	0.7	−0.1
Saskatchewan	1.7	2.9	1.2
Alberta	4.8	4.6	−0.2
British Columbia	1.3	2.3	1.0
	37.5	37.0	−0.5

(1) Less than $50,000.

National Revenue

Expenditures of the Department of National Revenue are $182 million compared with $159 million in 1970-71.

Outlays of $85 million in respect of the collection of customs import duties, excise taxes and excise duties are $10 million higher and outlays of $97 million in respect of taxation are $13 million more than in 1970-71.

TABLE 34
(in millions of dollars)

National Revenue	Fiscal year ended March 31		Increase or decrease (−)
	1971	1972 (preliminary)	
Customs and excise	74.4	84.5	10.1
Taxation	84.0	97.0	13.0
Tax Review Board	0.4	0.5	0.1
	158.8	182.0	23.2

Parliament

Costs of Parliament of $34 million are $7 million more than in 1970-71.

TABLE 35
(in millions of dollars)

Parliament	Fiscal year ended March 31		Increase or decrease (−)
	1971	1972 (preliminary)	
House of Commons	21.0	27.8	6.8
The Senate	5.1	5.3	0.2
Library of Parliament	1.1	1.3	0.2
	27.2	34.4	7.2

Post Office

Gross expenditures of the Post Office Department total $495 million in 1971-72 compared with $449 million in 1970-71.

Salaries and allowances are $361 million, $30 million higher than in 1970-71 and costs of transportation of mail are $98 million, $2 million higher than in 1970-71.

However, as authorized by the Post Office Act, remuneration of postmasters and staffs at revenue and semi-staff offices and certain other disbursements are paid from revenue. These payments amounted to $56 million in 1971-72 ($55 million in 1970-71). Also, Post Office vote 1 authorized that revenue arising from services provided thereunder be credited thereto; this amounts to $27 million compared with $26 million in 1970-71.

Consequently net expenditures charged to budgetary appropriations are $412 million compared to $369 million in 1970-71.

TABLE 36
(in millions of dollars)

Post Office	Fiscal year ended March 31		Increase or decrease (−)
	1971	1972 (preliminary)	
Operating expenditures—			
Salaries and allowances—			
Headquarters, regional and district offices, staff post offices and railway mail services	281.8	312.5	30.7
Postmasters and staff—			
Revenue offices	13.4	12.0	−1.4
Semi-staff offices	29.6	29.6	
Sub postmasters	6.4	7.2	0.8
	331.2	*361.3*	*30.1*
Transportation of mail—			
Rail	11.6	10.9	−0.7
Land	51.5	52.3	0.8
Air	27.1	28.8	1.7
Water	1.5	1.3	−0.2
Payments to foreign postal administrations	4.5	4.8	0.3
	96.2	*98.1*	*1.9*
Other	17.0	28.5	11.5
	444.4	487.9	43.5
Capital expenditures	4.7	7.0	2.3
Grants and contributions	0.1	0.1	
Gross expenditure	449.2	495.0	45.8
Less:			
Revenue credited to appropriations	−25.5	−27.0	−1.5
Revenue charged to expenditure under the Post Office Act	−55.1	−56.0	−0.9
Net expenditure	368.6	412.0	43.4

As net Post Office receipts total $400 million as shown in the revenue section of this report and net expenditures are $412 million there is a net operating deficit of $12 million for 1971-72. In 1970-71 net receipts of $338 million and net expenditures of $369 million resulted in a net operating deficit of $31 million.

However, it is to be noted that post office expenditures do not reflect any charges for premises occupied by the Post Office nor for certain accounting and miscellaneous services provided by other departments, nor does post office revenue reflect any receipts from the franking privilege covering parliamentary and departmental mail or other miscellaneous services provided for other departments and agencies.

Privy Council

Expenditures for the Privy Council, including those for the Chief Electoral Officer, the Commissioner of Official Languages, the Economic Council of Canada, the Public Service Staff Relations Board and the Science Council of Canada, total $15 million, $2 million more than in 1970-71. Expenditures in respect of Central Mortgage and Housing Corporation which were reported under Privy Council in 1970-71 are now reported under the Department of Urban Affairs and Housing.

TABLE 37
(in millions of dollars)

Privy Council	Fiscal year ended March 31		Increase or decrease (−)
	1971	1972 (preliminary)	
Privy Council	7.2	8.2	1.0
Chief Electoral Officer	1.2	1.2	
Commissioner of Official Languages	0.4	1.0	0.6
Economic Council of Canada	1.7	1.7	
Public Service Staff Relations Board	1.3	1.6	0.3
Science Council of Canada	1.2	1.3	0.1
	13.0	15.0	2.0

Public Works

Expenditures of this department total $343 million compared with $331 million in 1970-71. Expenditures for accommodation services at $264 million are $45 million more than in the previous year and contributions to provinces under terms of the Trans-Canada Highway Act at $2 million are $38 million less than in 1970-71.

TABLE 38
(in millions of dollars)

Public Works	Fiscal year ended March 31		Increase or decrease (−)
	1971	1972 (preliminary)	
Accommodation services—			
General purpose buildings	152.9	178.8	25.9
Single purpose buildings	58.0	72.7	14.7
Other	7.5	12.0	4.5
	218.4	*263.5*	*45.1*
Transportation and other engineering services—			
Contributions to provinces under terms of the Trans-Canada Highway Act	39.6	2.0	−37.6
Other	12.4	14.0	1.6
	52.0	*16.0*	*−36.0*
Marine services	34.6	34.6	
Professional and technical services	13.5	15.2	1.7
Administration and general	12.2	13.7	1.5
	330.7	343.0	12.3

Regional Economic Expansion

Expenditures for the Department of Regional Economic Expansion, including those for the Cape Breton Development Corporation, total $316 million compared with $298 million in 1970-71. Expenditures in respect of the National Capital Commission which were reported under this heading in 1970-71 are now reported under the Department of Urban Affairs and Housing. Departmental expenditures are $276 million compared with $261 million in 1970-71 and include $97 million for industrial incentives ($62 million in 1970-71), $81 million for social adjustment and rural economic development ($76 million in 1970-71), $78 million for infrastructure assistance ($107 million in 1970-71) and $20 million for development planning ($15 million in 1970-71).

Payments to the Cape Breton Development Corporation total $40 million compared with $37 million in 1970-71.

TABLE 39
(in millions of dollars)

Regional Economic Expansion	Fiscal year ended March 31		Increase or decrease (−)
	1971	1972 (preliminary)	
Department—			
Development planning	15.4	24.9	9.5
Industrial incentives	62.0	97.0	35.0
Infrastructure assistance	107.1	65.1	−42.0
Social adjustment and rural economic development	76.0	89.0	13.0
	260.5	*276.0*	*15.5*
Cape Breton Development Corporation—			
Payments to the corporation covering mining losses	25.8	28.0	2.2
Payment to the corporation under sections 19 and 24 of the Act	11.5	12.0	0.5
	37.3	*40.0*	*2.7*
	297.8	316.0	18.2

Secretary of State

Included under this heading are expenditures of the Department of the Secretary of State and those in respect of the Canada Council, the Canadian Broadcasting Corporation, the Canadian Film Development Corporation, the Canadian Radio-Television Commission, the Company of Young Canadians, the National Arts Centre Corporation, the National Film Board, the National Library, the National Museums of Canada, the Public Archives, the Public Service Commission and the Office of the Representation Commissioner.

Expenditures total $848 million compared with $708 million in 1970-71.

Post-secondary education payments to provinces of $450 million are $62 million higher than in 1970-71, expenditures for the bilingualism development of $74 million are $21 million higher and expenditures for the citizenship development of $37 million are $29 million higher than in 1970-71.

TABLE 40
(in millions of dollars)

Secretary of State	Fiscal year ended March 31		Increase or decrease (−)
	1971	1972 (preliminary)	
Department—			
Post-secondary education payments to provinces	388.2	450.0	61.8
Bilingualism development	53.4	74.1	20.7
Citizenship	8.1	37.0	28.9
Arts and culture	6.8	1.0	−5.8
Translation bureau	8.6	10.4	1.8
Centenary of British Columbia	0.2	9.0	8.8
Administration and general	2.9	3.0	0.1
	468.2	*584.5*	*116.3*
Canada Council	24.2	26.0	1.8
Canadian Broadcasting Corporation	166.0	181.0	15.0
Canadian Film Development Corporation	1.0	1.0	
Canadian Radio-Television Commission	3.3	4.0	0.7
Company of Young Canadians	1.9	1.9	
National Arts Centre Corporation	2.6	2.8	0.2
National Film Board	10.4	11.0	0.6
National Library	2.5	4.0	1.5
National Museums of Canada	8.2	10.0	1.8
Public Archives	3.7	3.7	
Public Service Commission	15.8	18.0	2.2
Office of the Representation Commissioner	0.1	0.1	
	707.9	848.0	140.1

Solicitor General

Expenditures of the Department of the Solicitor General including net expenditures for the Royal Canadian Mounted Police total $265 million, $42 million more than the 1970-71 total. Gross expenditures of the Royal Canadian Mounted Police are $227 million but receipts of $49 million arising mainly from policing services provided to certain provinces, territories and municipalities result in net expenditures of $178 million. In 1970-71 gross expenditures were $188 million, receipts were $42 million resulting in net expenditures of $146 million.

Expenditures of $85 million for correctional services are $10 million higher than in 1970-71.

TABLE 41
(in millions of dollars)

Solicitor General	Fiscal year ended March 31		Increase or decrease (−)
	1971	1972 (preliminary)	
Royal Canadian Mounted Police—			
Law enforcement—			
Police services under contract	76.4	91.0	14.6
Enforcement of federal statutes and executive orders	40.3	52.0	11.7
Administration	18.8	21.6	2.8
Support services	13.0	15.4	2.4
National police services	8.2	14.0	5.8
	156.7	*194.0*	*37.3*
Pensions and other benefits—			
Pensions	7.1	7.1	
RCMP superannuation account—			
Government's contribution	9.1	11.3	2.2
Amortization of deferred charges	11.2	10.3	−0.9
Additional interest	2.3	2.6	0.3
Other	1.7	1.7	
	31.4	*33.0*	*1.6*
	188.1	227.0	38.9
Less: Receipts and revenue credited to appropriations	−41.8	−48.6	−6.8
	146.3	178.4	32.1
Correctional services—			
Care of inmates	51.9	56.0	4.1
Rehabilitation of inmates	12.9	16.6	3.7
Parole and community services	4.6	6.0	1.4
Administration	5.7	6.4	0.7
	75.1	*85.0*	*9.9*
Administration	1.4	1.6	0.2
	222.8	265.0	42.2

Supply and Services

Expenditures under this heading including those for the Department of Supply and Services, Information Canada, the Canadian Commercial Corporation and the Canadian Arsenals Limited total $80 million compared with $75 million in 1970-71.

Expenditures of the supply component of the department are $22 million the same as in 1970-71 and for the services component are $42 million compared with $37 million.

TABLE 42
(in millions of dollars)

Supply and Services	Fiscal year ended March 31		Increase or decrease (−)
	1971	1972 (preliminary)	
Supply—			
Purchasing	11.7	11.6	−0.1
Material management	4.9	4.9	
Program administration	3.4	3.4	
Other	1.6	1.6	
	21.6	*21.5*	*−0.1*
Services—			
Program administration	11.5	13.0	1.5
Pay and employee benefit administration	8.5	10.0	1.5
Management services	5.5	6.0	0.5
Payment and reporting services	2.8	3.0	0.2
Social and economic assistance payments administration	6.9	8.0	1.1
Government of Canada Accounting	1.3	2.0	0.7
	36.5	*42.0*	*5.5*
Administration	4.2	4.0	−0.2
	62.3	67.5	5.2
Information Canada	7.0	7.5	0.5
Canadian Commercial Corporation	3.9	3.5	−0.4
Canadian Arsenals Limited	1.5	1.5	
	74.7	80.0	5.3

Transport

Expenditures of the Department of Transport including those in respect of the Canadian National Railways, the Canadian Transport Commission, the National Harbours Board and The St. Lawrence Seaway Authority total $494 million compared with $434 million in 1970-71. In 1971-72, meteorological services, formerly under the air services program, were

transferred to the Department of Environment. Prior year's figures have been adjusted for comparative purposes.

Department

Expenditures of $100 million for marine services are $9 million higher than in 1970-71, $72 million for surface transportation are $22 million higher and $157 million for air services are $33 million higher.

Canadian National Railways

The 1971 deficit of the Canadian National Railways at $24 million, to be charged to budgetary expenditure, is $6 million less than the 1970 deficit of $30 million which was charged to budgetary expenditure in 1970-71.

Canadian Transport Commission

Expenditures of the Commission in 1971-72 in the amount of $110 million are $8 million less than in 1970-71. Payments under the National Transportation Act are $52 million ($66 million in 1970-71), contributions to the railway grade crossing fund are $20 million ($20 million in 1970-71) and payments under the Maritime Freight Rates Act are $14 million ($14 million in 1970-71).

National Harbours Board

Non-active advances to the Board to be charged to budgetary expenditure are $2 million, approximately the same amount as in 1970-71.

The St. Lawrence Seaway Authority

Budgetary expenditures in respect of the Authority are $14 million, $4 million higher than in the previous fiscal year. The 1971 operating deficit of the Welland Canal of $9 million, charged to budgetary expenditure, is $1 million more than the 1970 deficit charged in 1970-71 and other expenditures of $5 million are $3 million higher than in 1970-71.

TABLE 43
(in millions of dollars)

Transport	Fiscal year ended March 31		Increase or decrease (−)
	1971	1972 (preliminary)	
Marine services—			
Administration	3.7	4.0	0.3
Terminal facilities[1]	−1.6	−2.0	−0.4
Way facilities	84.5	93.0	8.5
Marine regulations	4.3	5.0	0.7
	90.9	*100.0*	*9.1*
Surface transportation—			
Ferry services (C.N.R.)	32.0	35.2	3.2
Supplementary pensions	6.2	8.1	1.9
Other	11.4	28.3	16.9
	49.6	*71.6*	*22.0*
Air services—			
Airports and associated ground services	32.2	38.0	5.8
Air navigational services	63.2	93.6	30.4
Regulatory services	13.1	9.0	−4.1
Construction services	7.0	8.0	1.0
Administration	9.0	8.8	−0.2
	124.5	*157.4*	*32.9*
Transportation development		5.0	5.0
Administration	8.5	10.0	1.5
	273.5	344.0	70.5
Canadian National Railways operating deficit	29.7	24.2	−5.5
Canadian Transport Commission—			
Payments under the National Transportation Act	65.7	52.3	−13.4
Contributions to the railway grade crossing fund	20.0	20.0	
Steamships subventions for coastal services	6.0	6.0	
Maritime Freight Rates Act	14.0	14.0	
Subsidies to regional air carriers	1.8	2.0	0.2
Other	10.5	15.7	5.2
	118.0	*110.0*	*−8.0*
National Harbours Board	2.5	2.2	−0.3
The St. Lawrence Seaway Authority—			
Welland canal deficit	8.2	8.9	0.7
Other	1.9	4.7	2.8
	10.1	*13.6*	*3.5*
	433.8	494.0	60.2

[1] Negative amounts as vote-netting revenue exceeds expenditure by amounts shown.

Treasury Board

Expenditures of the Treasury Board, including those in respect of the National Research Council, are $445 million compared with $463 million in 1970-71.

The government's outlays in respect of the public service pension accounts are $270 million, $20 million more than in 1970-71. Contributions to the public service superannuation account, in an amount equal to the estimated current and prior service payments of individuals, are $88 million compared with $86 million in 1970-71. A further amount of $86 million, to cover the annual amortization charge in respect to actuarial deficiences arising out of salary increases and the actuarial deficiency revealed by the quinquennial evaluation made as at December 31, 1967, is included in budgetary expenditures. In 1970-71 amortization charges were $85 million. Also included in 1971-72 expenditures is $65 million for additional interest in respect of the superannuation account; in 1970-71 additional interest was $50 million.

Expenditures in respect of the Canada and Quebec pension plans total $19 million the same as in 1970-71.

Contributions of $20 million in respect of public service social insurance are $3 million higher than in 1970-71.

An amount of $15 million was included in budgetary expenditure and credited to the liability account "reserve for salary revisions" to cover salary revisions in respect of 1971-72 and prior fiscal years. The comparable amount in 1970-71 was $65 million. The provision for the reserve included in Vote 5, Appropriation Act No. 3, 1971 has been cancelled by Vote 5b, Appropriation Act No. 1, 1972.

National Research Council

Expenditures of the National Research Council are $129 million compared with $123 million in 1970-71.

Outlays for scholarships and grants and assistance towards research in industry total $75 million, $3 million more than in 1970-71.

TABLE 44
(in millions of dollars)

Treasury Board	Fiscal year ended March 31		Increase or decrease (−)
	1971	1972 (preliminary)	
Public service pensions—			
Superannuation account—			
Government's contribution	85.6	88.0	2.4
Amortization of deferred charges	84.8	86.0	1.2
Government's contribution to supplementary retirement benefit plan	8.2	8.8	0.6
Additional interest	49.5	65.0	15.5
	228.1	*247.8*	*19.7*
Canada and Quebec pension plans	18.8	19.0	0.2
Other	3.8	3.6	−0.2
	250.7	270.4	19.7
Public service social insurance	17.0	20.0	3.0
Reserve for salary revisions	65.0	15.0	−50.0
Administration and general	7.8	10.6	2.8
	340.5	316.0	−24.5
National Research Council of Canada—			
Operating expenditures	46.6	48.0	1.4
Capital expenditures	4.7	6.0	1.3
Grants and contributions	71.6	75.0	3.4
	122.9	*129.0*	*6.1*
	463.4	445.0	−18.4

Urban Affairs and Housing

This is a new department and includes budgetary expenditures in respect of Central Mortgage and Housing Corporation and the National Capital Commission.

Expenditures in respect of Central Mortgage and Housing Corporation at $62 million are $15 million more than in 1970-71 and expenditures in respect of the National Capital Commission at $48 million are $19 million more than in 1970-71.

TABLE 45
(in millions of dollars)

URBAN AFFAIRS AND HOUSING	Fiscal year ended March 31		Increase or decrease (−)
	1971	1972 preliminary	
Ministry of State for Urban Affairs...		2.0	2.0
Central Mortgage and Housing Corporation—			
Housing research and community planning.....	4.7	6.0	1.3
Public housing projects and land development.....	9.4	14.9	5.5
Municipal sewage treatment assistance.....	6.9	16.0	9.1
Urban renewal assistance.....	26.0	23.5	−2.5
Loss on mortgage sales.....		2.0	2.0
	47.0	*62.4*	*15.4*
National Capital Commission—			
Operating expenditures.....	11.3	12.0	0.7
Payment to the national capital fund.....	17.1	35.6	18.5
	28.4	*47.6*	*19.2*
	75.4	112.0	36.6

Veterans Affairs

Expenditures of the Department of Veterans Affairs total $427 million compared with $410 million in 1970-71.

Costs of the pensions program at $239 million are $22 million higher than in 1970-71; outlays for welfare services at $99 million are $11 million less; and outlays for treatment services at $71 million are $5 million higher than in 1970-71.

TABLE 46
(in millions of dollars)

VETERANS AFFAIRS	Fiscal year ended March 31		Increase or decrease (−)
	1971	1972 preliminary	
Pensions program—			
Pensions.....	212.9	234.6	21.7
Administration.....	3.5	4.0	0.5
	216.4	*238.6*	*22.2*
Welfare services.....	109.8	99.3	−10.5
Treatment services.....	66.4	70.9	4.5
Veterans land administration.....	10.1	11.4	1.3
Administration.....	6.3	5.8	−0.5
Bureau of Pensions Advocates.....	1.0	1.0	
	410.0	427.0	17.0

ASSET AND LIABILITY ACCOUNTS

The government's asset and liability account balances at March 31, 1972, as now estimated, the balances at March 31, 1971 and the net increases or decreases during 1971-72 are summarized in the following table:

TABLE 47
(in millions of dollars)

—	Balance at March 31, 1971	Net transactions 1971–72 (preliminary)	Balance at March 31, 1972 (preliminary)
LIABILITIES			
Current and demand liabilities.....	2,135.2	491.0	2,626.2
Foreign exchange reserve accounts....	888.4	252.0	1,140.4
Deposit and trust accounts.....	439.2	130.7	569.9
Annuity, insurance and pension accounts—			
Social security accounts.....	4,597.0	838.0	5,435.0
Superannuation accounts.....	7,760.4	898.0	8,658.4
Other.....	1,445.3	−13.8	1,431.5
	13,802.7	*1,722.2*	*15,524.9*
Undisbursed balances of appropriations.....	266.6	−74.4	192.2
Refundable corporation tax.....	3.0	−3.0	
Provision for compound interest on Canada savings bonds.....	18.6	35.4	54.0
Deferred credits.....	216.8	9.2	226.0
Suspense accounts.....	4.1	0.9	5.0
Unmatured debt.....	25,201.2	2,093.8	27,295.0
	42,975.8	4,657.8	47,633.6
ASSETS			
Current assets—			
Cash accounts.....	1,630.7	236.2	1,866.9
Other.....	56.9	0.1	57.0
	1,687.6	*236.3*	*1,923.9*
Departmental working capital advances.....	215.6	6.5	222.1
Foreign exchange reserve accounts—			
Advances to the Exchange Fund Account.....	4,578.4	963.0	5,541.4
Canada's subscription to the International Monetary Fund.....	1,148.9	−7.6	1,141.3
	5,727.3	*955.4*	*6,682.7*
Canada pension plan investment fund	3,701.2	910.0	4,611.2
Investments held for retirement of unmatured debt.....	6.9	4.1	11.0
Advances, loans and investments—			
Domestic.....	12,191.4	1,630.0	13,821.4
External.....	1,706.9	132.0	1,838.9
	13,898.3	*1,762.0*	*15,660.3*
Securities held in trust.....	124.5	10.9	135.4
Deferred charges.....	743.6	172.6	916.2
Capital assets.....	(1)		(1)
Inactive loans and investments.....	94.8		94.8
Total recorded assets.....	26,199.8	4,057.8	30,257.6
Less: Reserve for losses on realization of assets.....	−546.4		−546.4
Net recorded assets.....	25,653.4	4,057.8	29,711.2
Net debt represented by excess of liabilities over net recorded assets..	17,322.4	600.0	17,922.4

(1) Shown at nominal value of $1.

SUMMARY

The gross liabilities of the government are $47,633 million at March 31, 1972 compared with $42,975 million at March 31, 1971. The increase of $4,658 million is due mainly to increases of $2,094 million in unmatured debt and $1,722 million in annuity, insurance and pension accounts.

Net recorded assets at $29,711 million are $4,058 million higher than at March 31, 1971 due mainly to increases of $1,762 million in advances, loans and investments, $910 million in the Canada pension plan investment fund and $955 million in foreign exchange reserve accounts.

The net debt of Canada, or the excess of liabilities over net recorded assets, is $17,922 million at March 31, 1972 compared with $17,322 million at March 31, 1971.

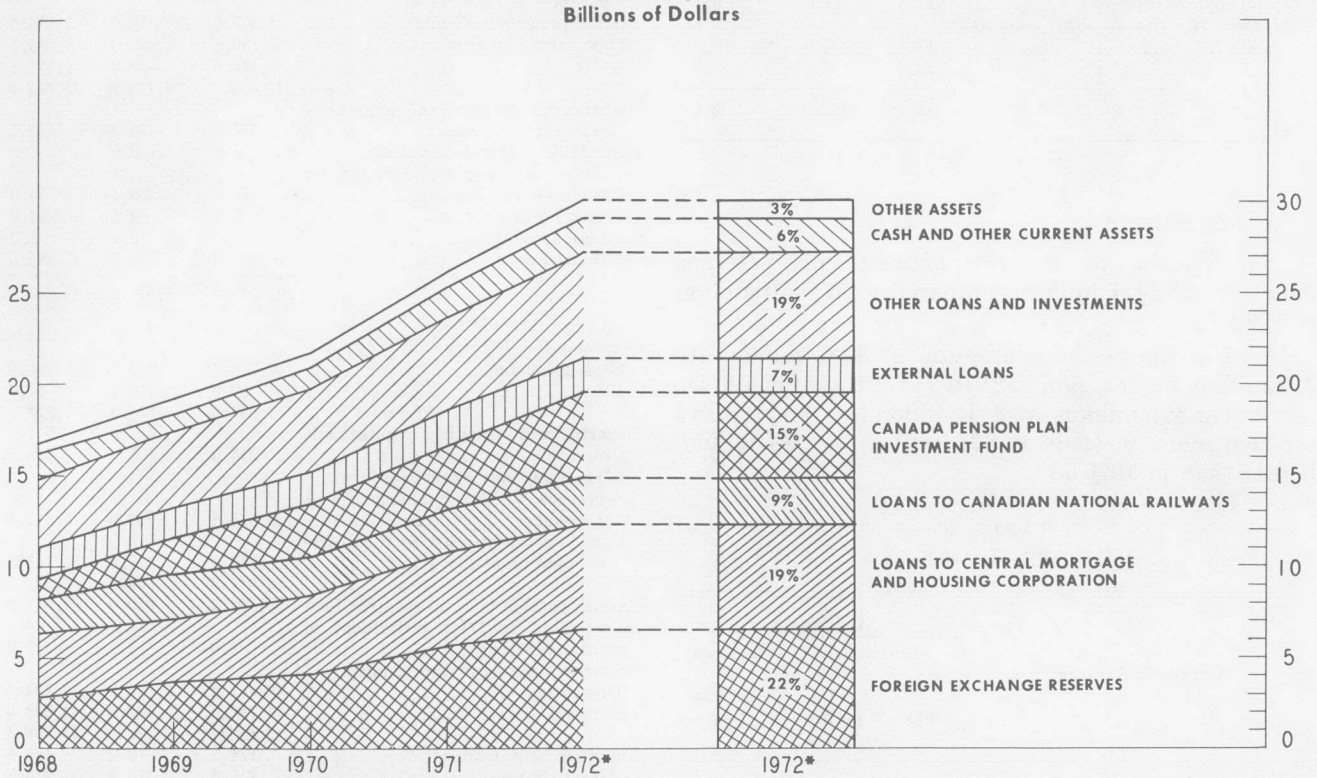
ASSET ACCOUNTS

Current assets

These accounts consist of various cash accounts and the securities investment account.

Total current assets at $1,924 million are $236 million more than at March 31, 1971. The main changes are an increase of $317 million in Receiver General current deposits and a decrease of $81 million in cash in hands of collectors and in transit.

TOTAL ASSETS
Fiscal Year Ending March 31
Billions of Dollars



* Preliminary
1. As shown on table "Summary of assets and liabilities". This chart does not reflect the reserve for losses on realization of assets.

TABLE 48
(in millions of dollars)

Current Assets	Balance at March 31, 1971	Net transactions 1971-72 (preliminary)	Balance at March 31, 1972 (preliminary)
Cash accounts			
Receiver General current deposits—			
Canada	1,233.2	316.9	1,550.1
Foreign countries	21.7	0.3	22.0
	1,254.9	*317.2*	*1,572.1*
Receiver General special deposits—			
Canada	1.4		1.4
Foreign countries	0.2		0.2
	1.6		*1.6*
Other cash accounts—			
Cash in hands of collectors and in transit	320.7	−81.0	239.7
Moneys received after March 31 but applicable to current year	35.6		35.6
Post Office—cash on hand and in transit	17.1		17.1
Miscellaneous	0.8		0.8
	1,630.7	236.2	1,866.9
Securities investment account	56.9	0.1	57.0
	1,687.6	236.3	1,923.9

Departmental working capital advances

These accounts record advances outstanding at the close of the fiscal year for working funds for certain departmental activities. The balance of $222 million is $6 million higher than at March 31, 1971.

Bullion and coinage consists of separate accounts for bronze, gold, nickel and silver in which are recorded transactions in respect of purchases and sales. Debits include the cost of all coin and bullion purchased from the Royal Canadian Mint. Credits represent the face value of all coin issued to, and gold bullion transferred to, the Bank of Canada and sales of silver bullion. The balances at March 31, 1972 total $13 million compared with $12 million at March 31, 1971.

The defence production revolving fund records the cost of materials procured for use in the manufacture of defence equipment until such time as they are billed to the Department of National Defence or sold to defence contractors for use in the manufacture of defence equipment, as well as working capital loans and advances for their production. The balance at March 31, 1972 is $26 million, $10 million less than at March 31, 1971.

The stockpiling of uranium concentrates account records the acquisition of uranium concentrates in accordance with contracts entered into with the approval of the Governor in Council by Eldorado Nuclear Limited on behalf of Her Majesty in right of Canada with certain mining companies. The balance of $113 million is $12 million more than the balance at March 31, 1971.

TABLE 49
(in millions of dollars)

Departmental Working Capital Advances	Balance at March 31, 1971	Net transactions 1971-72 (preliminary)	Balance at March 31, 1972 (preliminary)
Bullion and coinage	12.0	1.0	13.0
Canadian government supply services	2.9	6.1	9.0
Defence production revolving fund	36.3	−10.0	26.3
Miscellaneous departmental imprest and standing advances	14.6		14.6
Miscellaneous departmental accountable advances	28.0		28.0
Stockpiling of uranium concentrates	101.2	12.0	113.2
Transport stores account	8.7	−1.7	7.0
Other	11.9	−0.9	11.0
	215.6	6.5	222.1

Foreign exchange reserve accounts

Included in this category are those accounts which record transactions which affect Canada's holdings of international reserves. These accounts are advances to the Exchange Fund Account and Canada's subscription to the International Monetary Fund.

Advances to the Exchange Fund Account

Advances to the exchange fund are made for the purchase of gold and foreign exchange. Also included in this account are Special Drawing Rights (SDR's) issued by the International Monetary Fund.

During 1971-72 there is an estimated net increase in advances of $846 million. Additional SDR's during the year of $117 million bring the total SDR's to $370 million at March 31, 1972 and an overall balance in the account to $5,541 million compared with $4,578 million at March 31, 1971.

Canada's subscription to the capital of the International Monetary Fund

This subscription is Canada's quota in the International Monetary Fund. In this organization, member's quotas are set in U.S. dollars and are normally paid in gold (25 per cent) and the remainder (75 per cent) in the member's currency. If the fund does not require a currency, this portion of a member's quota may be paid in the form of non-interest-bearing notes payable on demand. These notes are recorded in the government's liabilities. The balance at March 31, 1972 is $1,141 million compared with $1,149 million at March 31, 1971. The increase is due to revaluation adjustments.

Canada Pension Plan Investment Fund

This investment fund records securities purchased under the Canada Pension Plan and the sale of these securities. The amount by which the operating balance of the Canada Pension Plan Fund in any month exceeds the estimated amount required to meet all payments in the following three-month period is available for the purchase of securities of participating provinces; securities of Canada shall be purchased with the excess remaining after purchasing securities of each province as required. The holdings of $4,611 million in this account are $910 million more than at March 31, 1971.

TABLE 50
(in millions of dollars)

Canada Pension Plan Investment Fund	Balance at March 31, 1971	Net transactions 1971-72 (preliminary)	Balance at March 31, 1972 (preliminary)
Securities of—			
Newfoundland	70.3	17.6	87.9
Nova Scotia	142.7	35.8	178.5
Prince Edward Island	13.9	3.6	17.5
New Brunswick	108.8	26.8	135.6
Quebec	12.8	6.6	19.4
Ontario	2,062.4	499.3	2,561.7
Manitoba	217.8	53.7	271.5
Saskatchewan	174.7	42.7	217.4
Alberta	341.1	87.1	428.2
British Columbia	535.9	131.2	667.1
Government of Canada	20.8	5.6	26.4
	3,701.2	910.0	4,611.2

Investments held for retirement of unmatured debt

Recorded herein are the government's holdings of the 5½ per cent loan issued August 1, 1962 and maturing August 1, 1980. These total $11 million compared with $7 million at the previous year-end.

Advances, loans and investments—Domestic

Balances in this category at March 31, 1972 total $13,821 million of which $12,004 million is in respect of crown corporations. At March 31, 1971 balances totalled $12,191 million of which $10,755 million were in respect of crown corporations.

TABLE 51
(in millions of dollars)

Advances, Loans and Investments—Domestic	Balance at March 31, 1971	Net transactions 1971-72 (preliminary)	Balance at March 31, 1972 (preliminary)
Loans to, and investments in, crown corporations—			
Canada Development Corporation		25.0	25.0
Canadian National Railways	2,122.0	203.0	2,325.0
Air Canada	240.7	27.0	267.7
Central Mortgage and Housing Corporation	5,038.1	668.0	5,706.1
Farm Credit Corporation	1,176.8	30.0	1,206.8
The St. Lawrence Seaway Authority	618.6	54.0	672.6
Atomic Energy of Canada Limited	504.3	113.0	617.3
Export Development Corporation	354.4	106.0	460.4
National Harbours Board	270.3	3.0	273.3
National Capital Commission (excluding Greenbelt)	23.4	1.6	25.0
Canadian Broadcasting Corporation	9.0		9.0
Other	248.5	−7.5	241.0
	10,606.1	*1,223.1*	*11,829.2*
Recovery likely to require parliamentary appropriations—			
Canadian Broadcasting Corporation	111.0	26.0	137.0
National Capital Commission (Greenbelt)	38.1	−0.1	38.0
	149.1	*25.9*	*175.0*
	10,755.2	1,249.0	12,004.2
Loans to provincial governments	360.0	109.0	469.0
Unemployment insurance account		100.0	100.0
Veterans Land Act Fund	492.3	12.0	504.3
Municipal Development and Loan Board—advances	263.6	−10.0	253.6
Miscellaneous	320.3	170.0	490.3
	12,191.4	1,630.0	13,821.4

Canadian National Railways (including Air Canada)

Outstanding advances and loans of $2,593 million to the Canadian National Railways (including Air Canada) are $230 million more than at March 31, 1971.

During 1971-72 the government made available $228 million to the Canadian National Railways and $27 million to Air Canada and received payments of $24 million from the C.N.R. and $1 million from Air Canada.

The government made advances of $177 million to the C.N.R. for capital purposes and loans of $14 million to Air Canada for capital purposes.

To assist the C.N.R. to finance further capital expenditure during the year, the government purchased $37 million of the 4 per cent preferred stock of the company. This stock is issued under the authority of the Canadian National Railways Capital Revision Act, 1952 in an amount equal to 3 per cent of the gross revenue of the company.

At March 31, 1971 temporary loans of $20 million were outstanding to the C.N.R. in respect of its 1971 deficit. Additional loans of $13 million were advanced during the year for its 1971 operations. The 1971 deficit of $24 million will be charged to the 1971-72 budgetary expenditure by parliamentary approval leaving a balance of $9 million.

TABLE 52
(in millions of dollars)

Advances to Canadian National Railways (Including Air Canada)	Balance at March 31, 1971	Net transactions 1971-72 (preliminary)	Balance at March 31, 1972 (preliminary)
Canadian National Railways—			
Capital Revision Act, 1952—			
Preferred stock	1,204.1	36.8	1,240.9
Twenty-year obligation	100.0		100.0
Refunding Act, 1955	541.1	172.4	713.5
Financing and Guarantee Acts	197.4		197.4
Interim financing of income deficit	20.0	−11.0	9.0
Loans for maintenance, repair and acquisition of passenger equipment	1.6	−0.2	1.4
Temporary loans—acquisition of bonds	40.8	5.0	45.8
Canadian government railways	17.0		17.0
	2,122.0	*203.0*	*2,325.0*
Air Canada—			
Financing and Guarantee Acts	239.8	14.0	253.8
Interim financing	0.9	13.0	13.9
	240.7	*27.0*	*267.7*
	2,362.7	230.0	2,592.7

TABLE 53
(in millions of dollars)

Advances to, and Repayments by, Canadian National Railways (Including Air Canada)	Fiscal year ended March 31		Increase or decrease (−)
	1971	1972 (preliminary)	
Advances—			
Purchase of CNR preferred stock	33.5	36.8	3.3
Temporary loans to CNR	9.5	5.0	−4.5
Refunding of debt (CNR)	40.0	172.4	132.4
Financing and Guarantee Acts (Air Canada)	117.0	14.0	−103.0
Interim financing—			
Air Canada	3.9	13.9	10.0
Canadian National Railways	22.0	13.2	−8.8
	225.9	255.3	29.4
Repayments—			
Maintenance, repair and acquisition of passenger equipment	−0.4	−0.2	0.2
Interim financing—			
Air Canada	−9.6	−0.9	8.7
Canadian National Railways	−12.0	−24.2	−12.2
	−22.0	*−25.3*	*−3.3*
	203.9	230.0	26.1

At March 31, 1971 temporary loans of $1 million were outstanding to Air Canada in respect of its 1971 operations and have been repaid by the company. An additional $14 million was advanced during the year for its 1971 operations.

Central Mortgage and Housing Corporation

The balance of $5,706 million at March 31, 1972 is $668 million more than at March 31, 1971. Loans and advances of $870 million are partly offset by repayments of $202 million.

Advances include $731 million for direct lending, limited dividend and public housing, $61 million for sewage treatment projects, $39 million for university housing projects, $31 million for federal-provincial projects and $8 million for urban renewal.

Repayments include $172 million for direct lending, limited dividend and public housing, $19 million for sewage treatment, $6 million for federal-provincial projects and $1 million for university housing projects.

TABLE 54
(in millions of dollars)

Advances to Central Mortgage and Housing Corporation	Balance at March 31, 1971	Net transactions 1971–72 (preliminary)	Balance at March 31, 1972 (preliminary)
Direct lending, limited dividend and public housing	4,129.0	559.0	4.668.0
Federal-provincial projects—housing	228.8	25.4	254.2
Loan and mortgage fund	4.7	−0.2	4.5
Municipal sewage treatment	236.2	41.8	278.0
University housing	339.1	37.1	376.2
Housing projects	60.5	−2.3	58.2
Urban renewal	14.8	7.2	22.0
Capital stock	25.0		25.0
	5,038.1	668.0	5,706.1

TABLE 55
(in millions of dollars)

Advances to, and Repayments by, Central Mortgage and Housing Corporation	Fiscal year ended March 31		Increase or decrease (−)
	1971	1972 (preliminary)	
Advances—			
Direct lending, limited dividend and public housing	579.0	731.1	152.1
University housing projects	30.0	38.5	8.5
Federal-provincial projects	9.0	31.5	22.5
Urban renewal	61.0	8.0	−53.0
Housing projects	63.0		−63.0
Municipal sewage treatment		61.0	61.0
	742.0	870.1	128.1
Repayments—			
Direct lending, limited dividend and public housing	−122.6	−172.1	−49.5
University housing projects	−6.8	−1.4	5.4
Federal-provincial projects	−0.5	−6.1	−5.6
Urban renewal	−1.9	−0.8	1.1
Housing projects	−11.4	−2.3	9.1
Sewage treatment projects	−2.3	−19.2	−16.9
Loan and mortgage purchase fund	−0.2	−0.2	
	−145.7	*−202.1*	*−56.4*
	596.3	668.0	71.7

Farm Credit Corporation

The government provides loans to the corporation which makes loans on farm property. The balance of $1,207 million consists of the crown's investment of $46 million in the corporation and $1,161 million in loans. At March 31, 1971 the balance of $1,177 million consisted of $45 million capital and $1,132 million in loans.

The St. Lawrence Seaway Authority

Outstanding obligations of $673 million in this account consist of $506 million in interest-bearing loans, $75 million in interest-free loans and $92 million in deferred interest. At March 31, 1971 outstanding obligations were $619 million and consisted of $460 million in interest-bearing loans, $75 million in interest-free loans and $84 million in deferred interest.

Atomic Energy of Canada Limited

The balance of $617 million compared with $504 million at March 31, 1971. Included in these balances is $15 million in capital stock.

Export Development Corporation

The outstanding balance of $460 million in this account includes $15 million in capital stock, $15 million for working capital and $430 million for loans under section 29A of the Export Development Act. Comparable amounts at March 31, 1971 were $15 million in capital stock, $15 million in working capital and $324 million for loans.

National Harbours Board

Expenditures for capital purposes at harbour sites under the jurisdiction of the National Harbours Board fall into two general categories: (a) non-active loans charged to the net debt of Canada, and (b) investments included in the active assets of the Government of Canada.

At March 31, 1972 active assets of $273 million are $3 million more than at March 31, 1971.

National Capital Commission

Outstanding loans to the Commission to acquire property total $63 million, of which $38 million is in respect of the "Greenbelt" section of the National Capital Area. These latter loans are likely to require parliamentary appropriations in subsequent fiscal years. At March 31, 1971 outstanding loans were $61 million of which $38 million was for "Greenbelt" property.

Canadian Broadcasting Corporation

There is no change in the working capital, the balance remaining at $9 million. Loans to the Corporation for capital purposes total $137 million compared with $111 million at March 31, 1971. Recovery of these loans is likely to require parliamentary appropriations in subsequent fiscal years.

Other domestic loans

Loans to provincial governments in the amount of $469 million are $109 million higher than the March

31, 1971 balance. The increase is due mainly to the Federal-Provincial Loans Program, 1971 for the purpose of assisting in the creation of employment. Advances under the Veterans Land Act at $504 million are $12 million more than at March 31, 1971, advances under the Municipal Development and Loan Act at $254 million are $10 million less than at March 31, 1971 and advances of $100 million to the unemployment insurance account were made in 1971-72 for which there were no comparable amounts in the previous fiscal year.

Advances, loans and investments—External

Balances in this category total $1,839 million compared with $1,707 million at March 31, 1971.

The United Kingdom repaid $21 million of the $1,185 million loan made under the United Kingdom Financial Agreement Act, 1946, reducing the principal to $997 million at March 31, 1972.

Advances under Part II of the Export Credits Insurance Act to Belgium, France and The Netherlands to assist them in the purchasing of goods in Canada are reduced by payments of $2 million by Belgium, $8 million by France and $5 million by The Netherlands bringing the balance to $85 million at March 31, 1972.

TABLE 56
(in millions of dollars)

Advances, Loans and Investments—External	Balance at March 31, 1971	Net transactions 1971-72 (preliminary)	Balance at March 31, 1972 (preliminary)
Loans to national governments—			
United Kingdom	1,017.7	−20.9	996.8
France	59.2	−8.5	50.7
The Netherlands	27.5	−4.5	23.0
Belgium	13.8	−2.3	11.5
Special loan assistance to developing countries	287.7	144.0	431.7
Other	0.2		0.2
	1,406.1	*107.8*	*1,513.9*
Canada's subscription to capital of—			
Asian Development Bank	13.4		13.4
Caribbean Development Bank	1.8		1.8
International Bank for Reconstruction and Development	85.0		85.0
International Development Association	164.7	50.0	214.7
International Finance Corporation	3.5		3.5
	268.4	*50.0*	*318.4*
Working capital advances and loans to international organizations	6.6		6.6
Investments in United States dollar securities issued by other than the Government of Canada	25.8	−25.8	
	1,706.9	132.0	1,838.9

Special loan assistance to developing countries increased by $144 million during the year to $432 million and Canada's subscriptions to the capital of international organizations increased by $50 million to $318 million.

Securities held in trust

Recorded herein are the security holdings in connection with various deposit and trust, and annuity, insurance and pension accounts. The balance at March 31, 1972 is $135 million compared with $125 million at March 31, 1971.

Deferred charges

These consist of the unamortized balances of actuarial deficiences in the superannuation accounts and unamortized loan flotation costs. The balances in these accounts total $916 million compared with $744 million at March 31, 1971.

Unamortized portions of actuarial deficiencies

These accounts record the unamortized portions of the actuarial deficiencies in the superannuation accounts in respect of the public service, the Canadian forces and the Royal Canadian Mounted Police. Actuarial evaluations are made quinquennially, the next of which is being made as at December 31, 1970 for the Canadian forces superannuation account, as at December 31, 1972 for the public service superannuation account and as at December 31, 1969 for the RCMP superannuation account. Any actuarial deficiencies revealed when the evaluation is made will be credited to the superannuation account and charged to unamortized actuarial deficiencies and amortized to budgetary expenditure in five equal annual instalments commencing in the fiscal year in which the credit has been made to the superannuation account. Also, the cost for benefits payable under the superannuation acts as a result of the authorization of salary increases is credited to the superannuation accounts and charged to unamortized actuarial deficiencies and amortized over a period of five years commencing in the year in which the increase is authorized.

The unamortized portion of the actuarial deficiency in the public service superannuation account is $400 million compared with $311 million at March 31, 1971. During the year $240 million was charged thereto as a result of salary increases and $151 million was amortized as a charge to budgetary expenditure of which $65 million was charged to interest on public debt.

The unamortized portion of the actuarial deficiency in the Canadian forces superannuation account is $331 million compared with $227 million at March 31, 1971. During the year $229 million was charged thereto as a result of salary increases and $125 million was amortized to budgetary expenditure of which $59 million was charged to interest on public debt.

The unamortized portion of the actuarial deficiency in the RCMP superannuation account is $17 million compared with $30 million at March 31, 1971. During the year $13 million was amortized to budgetary expenditure of which $3 million was charged to interest on public debt.

TABLE 57
(in millions of dollars)

Deferred Charges	Balance at March 31, 1971	Net transactions 1971-72 (preliminary)	Balance at March 31, 1972 (preliminary)
Unamortized portions of actuarial deficiencies—			
Superannuation accounts—			
Public service	311.2	89.1	400.3
Canadian forces	227.2	103.9	331.1
Royal Canadian Mounted Police	30.0	−12.9	17.1
	568.4	*180.1*	*748.5*
Unamortized loan flotation costs	175.2	−7.5	167.7
	743.6	172.6	916.2

Unamortized loan flotation costs

This account records the residual balances of discounts, commissions, redemption bonuses and conversion premiums on loan flotations that have not been charged to budgetary expenditure. The balance of $168 million is $7 million less than at March 31, 1971.

Cost of new loans issued during 1971-72 and charged to the account total $72 million, of which $32 million in respect of treasury bills discounts will be charged to interest on public debt in 1972-73. Credits to the account were $79 million, of which $45 million is a charge to the budgetary expenditure category "annual amortization costs" and $34 million (representing discount applicable to 1971-72 on treasury bills issued in 1970-71) is a charge to the budgetary expenditure category "interest on public debt".

TABLE 58
(in millions of dollars)

	Fiscal year ended March 31			
	1971		1972 (preliminary)	
Balance at beginning of year		182.8		175.2
New loan flotation costs to be amortized—				
7% May 1, 1970—February 1, 1971	0.5			
7¼% May 1, 1970—April 1, 1975	2.1			
7% May 1, 1970—September 1, 1977	1.6			
6½% July 1, 1970—April 1, 1972	0.6			
6½% July 1, 1970—July 1, 1973	1.1			
7¼% July 1, 1970—July 1, 1975	3.4			
7¼% August 15, 1970—December 15, 1975	1.8			
6¾% October 1, 1970—July 1, 1973	0.3			
5¼% December 15, 1970—December 15, 1972	0.3			
6% December 15, 1970—June 15, 1974	0.9			
6¾% February 15, 1971—February 15, 1989	2.4			
Adjustments	0.6			
Treasury bills discounts	34.5		32.0	
Canada savings bonds	18.0		22.1	
5½% August 1, 1971—December 1, 1974			1.1	
5¼% August 1, 1971—December 15, 1972			0.1	
5% April 1, 1971—April 1, 1974			1.4	
5½% April 1, 1971—October 1, 1976			5.2	
6¼% April 1, 1971—April 1, 1980			2.9	
5¾% June 1, 1971—June 1, 1976			1.7	
6½% June 1, 1971—June 1, 1979			1.4	
6¼% August 1, 1971—August 1, 1976			1.0	
5¼% October 1, 1971—December 1, 1973			0.1	
4¼% December 1, 1971—December 1, 1974			0.5	
5¾% December 15, 1971—December 15, 1979			2.4	
	68.1		*71.9*	
Less—				
Amortization charges—				
Canada savings bonds and general loans	−38.7		−44.8	
Discounts on treasury bills charged to interest on public debt	−37.0		−34.6	
	−75.7		*−79.4*	
Increase or decrease (−) during year		−7.6		−7.5
Balance at end of fiscal year		175.2		167.7

Capital assets

Assets of the government such as land, buildings, works and equipment, etc. that are charged to budgetary expenditure at the time of acquisition or construction, are included in this category and are shown on the statement of assets and liabilities at a nominal value of $1.

Inactive loans and investments

Loans and investments which are not currently revenue-producing or realizable are recorded herein. Included are the loans of $49 million to China under the Export Credits Insurance Act, loans totalling $24 million and $7 million made to Roumania and Greece, respectively, in 1919-20 and 1920-21 and advances of $15 million in respect of the implementation of guarantees (Ming Sung Industrial Company Limited).

Reserve for losses on realization of assets

There has been no change in this reserve since the fiscal year 1956-57. The balance is $546 million.

Net Debt

The net debt of Canada, or the excess of liabilities over net recorded assets, is estimated at $17,922 million as at March 31, 1972 compared with $17,322 million at March 31, 1971. The increase of $600 million reflects the 1971-72 budgetary deficit.

Liability Accounts

Current and demand liabilities

These liabilities, which consist of obligations of government payable currently or on demand, total $2,626 million compared with $2,135 million at March 31, 1971.

Outstanding cheques at $630 million are the same as at March 31, 1971 and accounts payable at $696 million are $114 million more than at the previous fiscal year-end.

Interest due and outstanding at $575 million is $249 million higher and interest accrued at $560 million is $64 million higher than at March 31, 1971.

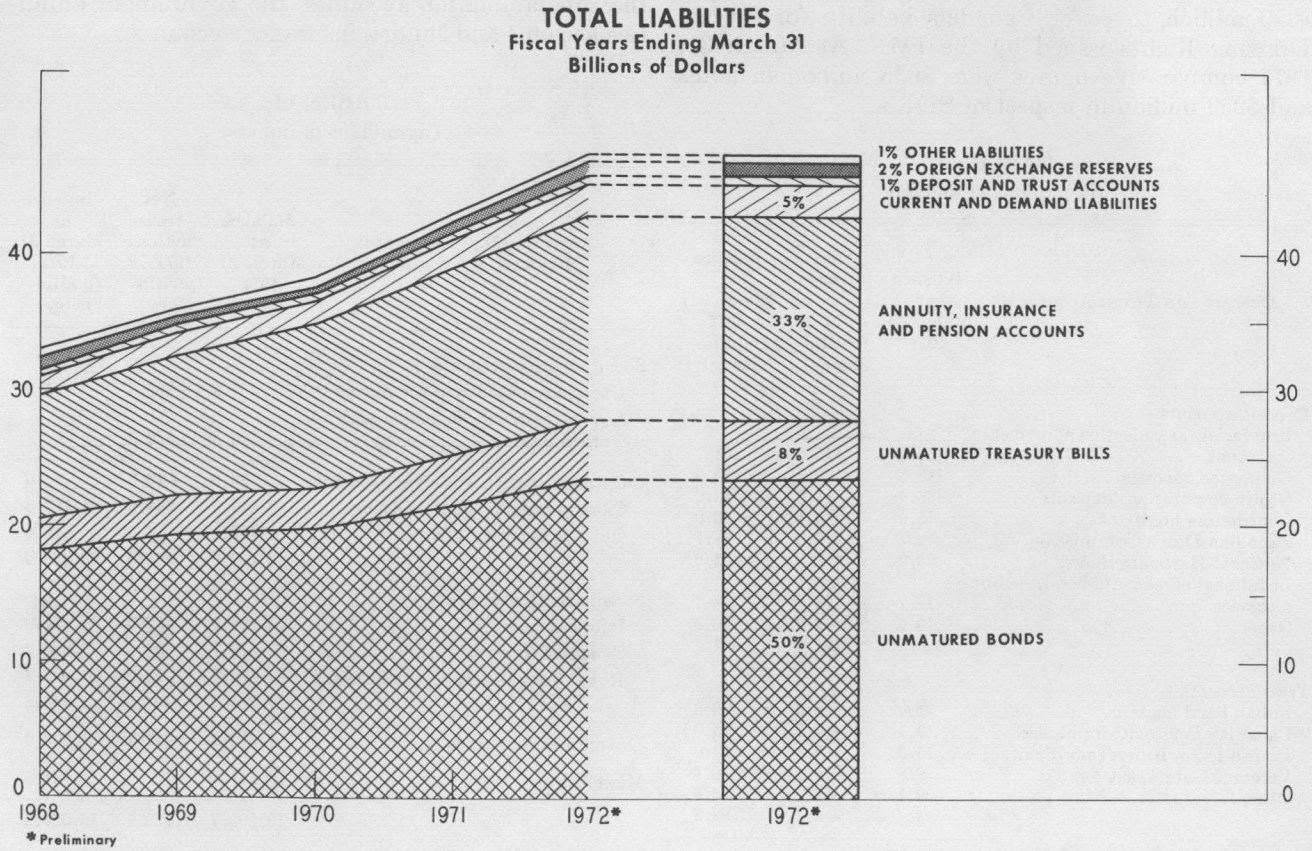


TABLE 59
(in millions of dollars)

Current and Demand Liabilities	Balance at March 31, 1971	Net transactions 1971-72 (preliminary)	Balance at March 31, 1972 (preliminary)
Outstanding cheques	630.3		630.3
Accounts payable	582.3	114.0	696.3
Non-interest-bearing notes payable to international organizations	7.1	50.0	57.1
Interest accrued	495.6	64.0	559.6
Interest due and outstanding	325.6	249.0	574.6
Matured debt outstanding	32.7		32.7
Other	61.6	14.0	75.6
	2,135.2	491.0	2,626.2

Foreign exchange reserve accounts

Included herein are $770 million in non-interest-bearing notes issued to the International Monetary Fund to cover that portion of the government's subscription to the IMF not required in cash, and $370 million to cover Canada's liability for Special Drawing Rights issued by the IMF. At March 31, 1971 comparative figures were $635 million in notes and $253 million in respect of SDR's.

TABLE 60
(in millions of dollars)

Deposit and Trust Accounts	Balance at March 31, 1971	Net transactions 1971-72 (preliminary)	Balance at March 31, 1972 (preliminary)
Deposit accounts—			
Provincial tax collection agreements account	86.7	115.0	201.7
Guarantee deposits	119.3	15.7	135.0
Crown corporations deposits	38.0	11.0	49.0
Contractors holdbacks	15.9	0.1	16.0
Canadian Dairy Commission	19.7	−2.0	17.7
National Harbours Board	23.9		23.9
Instalment purchase of bonds, public service	17.7		17.7
Other	19.6	−3.0	16.6
	340.8	*136.8*	*477.6*
Trust accounts—			
Indian band funds	31.0	−1.0	30.0
Canadian Pension Commission	13.3	−0.3	13.0
Prairie Farm Emergency Fund	15.2	−2.2	13.0
Veterans Care Trust Fund	9.8	−0.4	9.4
Other	29.1	−2.2	26.9
	98.4	*−6.1*	*92.3*
	439.2	130.7	569.9

Deposit and trust accounts

Sundry funds deposited with, or held in trust by, the Receiver General for Canada for various purposes are recorded in these accounts. Total balances of $570 million are $131 million higher than at March 31, 1971.

The main change is an increase of $115 million in the provincial tax-collection agreements account bringing the balance in the account to $202 million at March 31, 1972. During the year collections of provincial income tax credited to the account totalled $2,138 million and payments to provinces charged to the account were $2,023 million.

Annuity, insurance and pension accounts

This category records the government's liability in respect of various annuity, insurance and pension accounts. These fall into two classes: social security accounts, which are the Canada Pension Plan Fund, the Old Age Security Fund and the Unemployment Insurance Account; and other accounts which include the superannuation accounts, the government annuities account and sundry insurance accounts.

TABLE 61
(in millions of dollars)

Annuity, Insurance and Pension Accounts	Balance at March 31, 1971	Net transactions 1971-72 (preliminary)	Balance at March 31, 1972 (preliminary)
Social security accounts—			
Unemployment Insurance Account[1]	351.3	−336.3	15.0
Less investments in bonds and accrued interest	−326.3	326.3	
On deposit with Receiver General	25.0	−10.0	15.0
Canada Pension Plan Account	3,843.6	934.0	4,777.6
Old Age Security Fund	728.4	−86.0	642.4
	4,597.0	*838.0*	*5,435.0*
Superannuation accounts—			
Public service	3,990.0	487.0	4,477.0
Canadian forces	3,570.7	388.0	3,958.7
Royal Canadian Mounted Police	199.7	23.0	222.7
	7,760.4	*898.0*	*8,658.4*
Government annuities	1,313.8	−13.8	1,300.0
Miscellaneous	131.5		131.5
	13,802.7	1,722.2	15,524.9

[1] Formerly the Unemployment Insurance Fund.

Unemployment Insurance Account

The Unemployment Insurance Act, 1971, authorized the establishment in the accounts of Canada of an account to be known as the Unemployment Insurance Account and that the balance of the amount standing to the credit of the Unemployment Insurance Fund under the former Act on June 27, 1971, together with interest accrued thereon to that day, be credited thereto.

The Act also provides that all amounts received under the Act as or on account of premiums, fines, penalties, interest and repayment of overpayments of benefits, and all amounts collected by the Commission for services rendered to other government departments or agencies or the public, shall be paid into the Consolidated Revenue Fund and shall be credited to the Unemployment Insurance Account; that any other amounts provided out of the Consolidated Revenue Fund for any purpose related to unemployment insurance that is authorized by an appropriation by Parliament and the administration of which falls to the Commission shall be credited to the Unemployment Insurance Account; that the Minister of Finance may authorize, in accordance with such terms and conditions and at such rates as he may prescribe, the payment of interest on the balance in the Unemployment Insurance Account, and such interest shall be credited to the account; and that there shall be charged to the account all amounts paid as or on account of benefits under this Act and the costs of administration of the Act.

The balance in the Unemployment Insurance Fund at March 31, 1971 was $351 million and consisted of $25 million on deposit with the Receiver General and $326 million in investments in Government of Canada securities plus accrued interest. As at June 27, 1971 the balance in the Fund was $272 million and consisted of $15 million on deposit with the Receiver General, $21 million on deposit with chartered banks and $236 million in investments in Government of Canada securities plus accrued interest. As of June 27, 1971 the investments were liquidated and the balance in the Fund ($272 million) was transferred to the Unemployment Insurance Account. Subsequent transactions during the year bring the balance in the account as at March 31, 1972 to $15 million.

TABLE 62

(in millions of dollars)

Unemployment Insurance Account[1]	Fiscal year ended March 31				
	1968	1969	1970	1971	1972 (preliminary)
Receipts—					
Contributions—					
Employees and employers	347.4	433.1	491.8	495.2	573.0
Government	69.5	86.6	98.4	99.0	90.0
Net income from investments	15.9	18.9	27.5	29.2	14.0
Advance from government					100.0
Other income[2]	−4.3	−0.9	5.3	6.2	32.0
	428.5	537.7	623.0	629.6	809.0
Disbursements—					
Benefit payments	−388.6	−459.1	−542.1	−758.1	−1,122.0
Administration costs					−23.3
Excess of receipts or disbursements (−)	39.9	78.6	80.9	−128.5	−336.3
Balance at beginning of year	280.4	320.3	398.9	479.8	351.3
Balance at end of year	320.3	398.9	479.8	351.3	15.0
Investment in bonds and accrued interest	−303.9	−386.8	−468.0	−326.3	
Balance on deposit with the Receiver General	16.4	12.1	11.8	25.0	15.0

[1] Prior to June 27, 1971 this account was known as the Unemployment Insurance Fund.
[2] This item is mainly the change in unredeemed warrants and deposits from employers.

Canada Pension Plan Account

The balance of $4,778 million is $934 million higher than the March 31, 1971 balance of $3,844 million.

Credits to the account of $1,101 million include $826 million in contributions under the Act, $270 million in interest from investments and $5 million in interest on the operating balance on deposit with the Receiver General. Charges of $167 million include $144 million in benefit payments. In 1970-71 receipts were $1,024 million and disbursements were $112 million of which $92 million were benefit payments.

The amount by which the operating balance in the account in any month exceeds the estimated amount required to meet all payments in the following three-month period is available for the purchase of securities of participating provinces. Securities of Canada shall be purchased with the excess remaining after purchasing securities of each province as required. It is estimated that securities totalling $910 million will have been purchased bringing the balance to $4,611 million at March 31, 1972.

TABLE 63

(in millions of dollars)

Canada Pension Plan Account	Fiscal year ended March 31				
	1968	1969	1970	1971	1972 (preliminary)
Receipts—					
Contributions	640.2	698.0	745.7	812.4	826.0
Interest on investments	42.2	84.4	139.7	206.9	270.0
Interest on operating balance	1.4	2.4	3.8	4.0	4.6
Other	0.9	0.2	0.4	0.4	0.4
	684.7	785.0	889.6	1,023.7	1,101.0
Disbursements—					
Benefit payments	−1.3	−15.6	−47.4	−91.9	−144.0
Administration expenses	−11.5	−14.4	−17.7	−20.5	−23.0
	−12.8	−30.0	−65.1	−112.4	−167.0
Excess of receipts over payments	671.9	755.0	824.5	911.3	934.0
Balance in account brought forward	680.9	1,352.8	2,107.8	2,932.3	3,843.6
Balance at credit of account	1,352.8	2,107.8	2,932.3	3,843.6	4,777.6
Less investments in securities held in the Canada Pension Plan investment fund	−1,280.8	−2,023.0	−2,832.8	−3,701.3	−4,611.2
Operating balance on deposit with the Receiver General	72.0	84.8	99.5	142.3	166.4

Old Age Security Fund

The Old Age Security Act, 1951, directed that this fund be established and that credits to the fund should consist of a 2 per cent sales tax, a 2 per cent (maximum tax $60) on individual incomes and a 2 per cent tax on corporation incomes, and that pension payments of $40 per month be paid to all eligible persons over 70 years of age. Payments were effective from January 1952.

Amendments to the Act have increased these tax rates: on individual incomes to 4 per cent effective January 1, 1964 (maximum tax $120 increased to $240 effective January 1, 1967); on corporation incomes to 3 per cent effective January 1, 1959; and on sales to 3 per cent effective April 10, 1959.

The Old Age Security Act was amended effective January 1, 1972 to provide for the repeal of these taxes and for the crediting to the fund of an amount estimated to be equal to what would have been credited to the fund had those taxes not been repealed.

Pension rates also have increased by amendments to the Act to $75 per month effective October 1, 1963, to $76.50 per month effective January 1, 1968, to $78 per month effective January 1, 1969, to $79.58 effective January 1, 1970, and to $80 effective January 1, 1971.

The Act was further amended to authorize pension payments effective January 1966 to all persons who had satisfied the residence requirements of the Act who had attained the age of 69 years on or before January 1, 1966; the age limit being reduced by one year on January 1st of each subsequent year until 1970. A further amendment in 1966-67 authorized the payment of a montly guaranteed income supplement to eligible pensioners. The amount of the supplement that may be paid to a pensioner for a month is 40 per cent of the amount of the pension that may be paid to him for that month dependent upon the amount of his income for the preceding year. The most recent amendment in 1970 fixed the maximum basic supplement at $55 per month for 1971 but provided that this maximum would be increased each year so that the combination of the universal payment of $80 and the supplement would be increased by the same percentage as the index under the Canada Pension Plan.

During 1971-72 pension payments of $2,206 million exceed receipts of $2,120 million by $86 million reducing the balance in the account to $642 million at March 31, 1972. Receipts consist of $670 million from sales tax, $1,237 million from the tax on personal incomes and $213 million from the tax on corporation income. In 1970-71 receipts of $1,914 million exceeded payments of $1,907 million.

TABLE 64

(in millions of dollars)

Old Age Security Fund	Fiscal year ended March 31				
	1968	1969	1970	1971	1972 (preliminary)
Receipts—					
Sales tax	544.5	528.1	577.4	573.8	670.0
Personal income tax	800.1	915.0	1,026.5	1,132.5	1,237.0
Corporation income tax	150.0	183.0	227.1	207.9	213.0
	1,494.6	1,626.1	1,831.0	1,914.2	2,120.0
Disbursements—					
Pension payments	−1,153.3	−1,296.8	−1,467.0	−1,634.2	−1,681.0
Guaranteed income supplement	−234.8	−244.5	−263.5	−273.0	−525.0
	−1,388.1	−1,541.3	−1,730.5	−1,907.2	−2,206.0
Excess of receipts over disbursements	106.5	84.8	100.5	7.0	−86.0
Balance in fund brought forward	429.6	536.1	620.9	721.4	728.4
Balance at credit of fund	536.1	620.9	721.4	728.4	642.4

TABLE 65
(in millions of dollars)

Old Age Security Payments[1]	Fiscal year ended March 31		Increase or decrease (−)
	1971	1972 (preliminary)	
Newfoundland	39.7	47.0	7.3
Nova Scotia	83.0	96.8	13.8
Prince Edward Island	14.7	17.1	2.4
New Brunswick	62.7	73.1	10.4
Quebec	464.5	546.4	81.9
Ontario	681.1	777.1	96.0
Manitoba	106.5	122.7	16.2
Saskatchewan	104.7	120.8	16.1
Alberta	129.9	150.5	20.6
British Columbia	218.8	252.8	34.0
Northwest and Yukon Territories	1.6	1.7	0.1
	1,907.2	2,206.0	298.8

[1]Includes $525 million in 1971-72 and $273 million in 1970-71 for guaranteed income supplement.

The Public Service Superannuation Account

The balance of $4,477 million in this account is $487 million higher than at March 31, 1971. Receipts of $606 million include employees contributions of $103 million, the government's contribution of $88 million, interest of $163 million, $240 million to provide for additional liabilities arising from salary increases and contributions of $7 million by crown corporations. Contributions by the government and crown corporations are equal to the estimated current and prior service payments by individuals in 1970-71. Disbursements of $119 million include $106 million for payment of annuities and $12 million for withdrawal of contributions.

TABLE 66
(in millions of dollars)

Public Service Superannuation Account	Fiscal year ended March 31				
	1968	1969	1970	1971	1972 (preliminary)
Receipts—					
Contributions—					
Employees—					
Government	66.0	71.6	84.9	88.1	95.0
Crown corporations	5.2	5.1	5.3	7.4	7.6
Government	59.6	66.0	73.5	85.6	88.0
Crown corporations	5.0	4.8	5.3	6.6	7.4
Interest	110.9	118.0	131.0	147.7	162.4
Actuarial liability	21.5	121.0	215.1	161.8	244.2
Other	2.2	3.0	1.8	1.1	1.4
	270.4	389.5	516.9	498.3	606.0
Disbursements—					
Annuities	−68.2	−74.7	−83.3	−95.0	−105.5
Withdrawals of contributions	−10.8	−10.3	−10.5	−11.4	−12.0
Other	−5.1	−1.9	−2.1	−1.3	−1.5
	−84.1	−86.9	−95.9	−107.7	−119.0
Excess of receipts over disbursements	186.3	302.6	421.0	390.6	487.0
Balance in account brought forward	2,689.5	2.875.8	3,178.4	3,599.4	3,990.0
Balance at credit of account	2,875.8	3,178.4	3,599.4	3,990.0	4,477.0

Canadian Forces Superannuation Account

The balance of $3,959 million in this account reflects an increase of $388 million during 1971-72.

Receipts of $489 million include $41 million in contributions by personnel, $74 million in contributions by the government, $145 million in interest and $229 million to provide for additional liabilities arising from salary increases. Government contributions are made at the rate of $1\frac{4}{5}$ times the current and prior service contributions by personnel.

Disbursements of $101 million include $94 million in pensions and retiring allowances and $7 million in cash termination allowances and return of contributions.

In 1970-71 receipts totalled $353 million and disbursements totalled $89 million.

TABLE 67

(in millions of dollars)

Canadian Forces Superannuation Account	Fiscal year ended March 31				
	1968	1969	1970	1971	1972 (preliminary)
Receipts—					
Contributions—					
Personnel	33.1	33.9	38.7	39.2	41.0
Government	58.4	57.0	65.6	70.4	73.8
Interest	105.2	112.1	124.4	135.6	145.0
Actuarial liability		159.6	129.0	107.5	228.9
Other	1.4		0.1	0.1	0.1
	198.1	362.6	357.8	352.8	488.8
Disbursements—					
Pensions and retiring allowances	−45.7	−55.2	−67.4	−81.3	−93.5
Cash termination allowances and return of contributions	−6.0	−7.0	−7.5	−7.2	−7.1
Other	−0.1	−0.1	−0.1	−0.1	−0.1
	−51.8	−62.3	−75.0	−88.6	−100.7
Excess of receipts over disbursements	146.3	300.3	282.8	264.2	388.1
Balance in account brought forward	2,577.0	2,723.3	3,023.6	3,306.4	3,570.6
Balance at credit of account	2,723.3	3,023.6	3,306.4	3,570.6	3,958.7

Royal Canadian Mounted Police Superannuation Account

The balance of $223 million in this account is $23 million higher than at March 31, 1971. Receipts of $25 million include $6 million in contributions by personnel, $8 million in interest, and $11 million in government's contribution. Government contributions are made at the rate of $1\frac{4}{5}$ times the current and prior service contributions by personnel.

Disbursements of $2 million consisted of annuities, allowances, cash termination allowances and return of contributions.

In 1970-71 receipts were $35 million and disbursements were $2 million.

TABLE 68

(in millions of dollars)

Royal Canadian Mounted Police Superannuation Account	Fiscal year ended March 31				
	1968	1969	1970	1971	1972 (preliminary)
Receipts—					
Contributions—					
Personnel	2.8	3.4	4.2	5.2	6.0
Government	4.2	6.6	7.4	9.1	11.3
Interest	3.5	4.5	5.5	6.9	8.0
Actuarial liability	10.1	12.7	19.2	14.2	
	20.6	27.2	36.3	35.4	25.3
Disbursements—					
Annuities and allowances	−0.8	−0.9	−1.0	−1.2	−2.0
Cash termination allowances and return of contributions	−0.2	−0.2	−0.3	−0.3	−0.3
	−1.0	−1.1	−1.3	−1.5	−2.3
Excess of receipts over disbursements	19.6	26.1	35.0	33.9	23.0
Balance in account brought forward	85.1	104.7	130.8	165.8	199.7
Balance at credit of account	104.7	130.8	165.8	199.7	222.7

Government Annuities Account

The balance of $1,300 million is $14 million less than the balance of $1,314 million at March 31, 1971.

Undisbursed balances of appropriations to special accounts

This category records the undisbursed balances of appropriations to special accounts from which disbursements may be made for authorized purposes. They fall into two classes. The first of these, comprising the majority of the accounts, consists of cases where parliament has appropriated moneys for specific purposes. The other class consists of accounts to which is credited moneys received from the sale of materials, supplies, equipment, land, works and buildings and which are available for purposes of the Department of National Defence.

The balance of $192 million is $74 million less than at March 31, 1971.

The main changes are decreases of $62 million in the reserve for salary revisions and $15 million in the reserve for wheat inventory reduction payments.

TABLE 69

(in millions of dollars)

Undisbursed Balances of Appropriations to Special Accounts	Balance at March 31, 1971	Net transactions 1971-72 (preliminary)	Balance at March 31, 1972 (preliminary)
Reserve for wheat inventory payments	42.4	−15.4	27.0
Reserve for salary revisions	99.2	−62.0	37.2
International assistance account	82.6	5.0	87.6
Surplus crown assets	23.0	−4.0	19.0
Railway grade crossing fund	3.4	2.0	5.4
National capital fund	13.5		13.5
Other	2.5		2.5
	266.6	−74.4	192.2

Refundable corporation tax

This account recorded the refundable corporation tax on cash profits of businesses paid by all corporations not exempt from tax under section 62 of the Income Tax Act and by certain types of trusts on specified types of income.

The balance of $3 million at March 31, 1971 was repaid during 1971-72.

Provision for compound interest on Canada savings bonds

This account records the estimated amount for the prorated provision for the special compound interest feature applicable to certain Canada savings bonds. The balance of $54 million is $35 million higher than at March 31, 1971.

Deferred credits

Recorded in these accounts are amounts due to the government in respect of which payment is deferred. These are contra accounts to corresponding items under the asset categories "advances, loans and investments".

The balance of $226 million is $9 million more than at March 31, 1971.

TABLE 70

(in millions of dollars)

Deferred Credits	Balance at March 31, 1971	Net transactions 1971-72 (preliminary)	Balance at March 31, 1972 (preliminary)
Deferred interest—			
United Kingdom Financial Agreement Act	101.1		101.1
The St. Lawrence Seaway Authority	84.1	7.9	92.0
Northern Canada Power Commission	16.9	0.8	17.7
Atomic Energy of Canada Limited.	0.2		0.2
	202.3	*8.7*	*211.0*
Balances receivable under agreements of sale of crown assets	0.2		0.2
Crown Assets Disposal Corporation	12.6	0.2	12.8
Unamortized premium on loans	1.7	0.3	2.0
	216.8	9.2	226.0

Suspense accounts

These consist of balances where some uncertainty as to disposition exists. The balance of $5 million is $1 million more than at March 31, 1971.

Unmatured debt

The unmatured debt of Canada at $27,295 million as at March 31, 1972 is comprised of $26,959 million payable in Canadian dollars, $262 million payable in U.S. dollars and $74 million payable in German deutsche marks.

At March 31, 1971 unmatured debt was $25,201 million and was comprised of $24,864 million payable in Canadian dollars, $263 million payable in United States dollars and $74 million payable in German deutsche marks.

Details of the various loan transactions resulting in the net increase are described more fully in the section "The Public Debt".

TABLE 71

(in millions of dollars)

Unmatured Debt	Balance at March 31, 1971	Net transactions 1971–72 (preliminary)	Balance at March 31, 1972 (preliminary)
Payable in Canadian dollars—			
Marketable bonds	12,988.6	365.0	13,353.6
Non-marketable bonds—			
Canada savings bonds	7,804.6	1,945.0	9,749.6
Canada pension plan	20.8	5.6	26.4
Unemployment insurance fund	315.0	−315.0	
Treasury bills	3,735.0	95.0	3,830.0
	24,864.0	2,095.6	26,959.6
Payable in United States dollars[1]	263.3	−1.8	261.5
Payable in German deutsche marks[1]	73.9		73.9
	25,201.2	2,093.8	27,295.0

[1] Marketable bonds converted at official parity rates.

THE CASH POSITION OF THE GOVERNMENT

The government's cash account represents balances of current and special deposits to the credit of the Receiver General for Canada in the Bank of Canada, chartered banks in Canada and certain banks in London, New York, Brussels, Bonn, Frankfurt and Rome.

The cash position of the government is affected not only by budgetary transactions but also by changes in the government's unmatured debt and other non-budgetary transactions. Non-budgetary transactions are those which affect the government's asset and liability accounts and must be taken into account when considering the full scope of the government's financial operations.

On the asset side, the non-budgetary transactions consist, for the most part, of loans and advances to, and repayment by crown corporations and other government agencies and funds, national, provincial and municipal governments, international organizations and other borrowers. On the liability side they relate mainly to receipts and payments in connection with the many deposit and trust accounts, and annuity, insurance and pension funds held or administered by the government.

The following statement summarizes both the budgetary and non-budgetary transactions in 1971-72 and indicates how they affected the government's cash position. For purposes of comparison the corresponding figures for 1970-71 are also shown.

TABLE 72

(in millions of dollars)

Change in Cash Position	Fiscal year ended March 31 1970–71		1971–72 (preliminary)	
Budgetary transactions—				
Revenue	12,803		14,145	
Expenditure	−13,182		−14,745	
		−379		**−600**
Non-budgetary transactions (excluding unmatured debt transactions) (net)—				
Receipts and credits	893		1,582	
Disbursements and charges	−2,702		−2,755	
		−1,809		**−1,173**
Overall cash requirement to be financed by increase in unmatured debt or decrease in cash balances		**−2,188**		**−1,773**
Unmatured debt transactions—				
Marketable bonds	631		363	
Canada savings bonds	1,226		1,945	
Canada pension plan	5		6	
Unemployment insurance fund	−138		−315	
Treasury bills	840		95	
Securities investment account	40			
Investments held for retirement of debt	7		−4	
		2,611		**2,090**
Net increase or decrease (−) in Receiver General bank balances		**423**		**317**
Receiver General bank balance at beginning of year		**833**		**1,256**
Receiver General bank balances		**1,256**		**1,573**

In 1971-72 an estimated deficit of $600 million in budgetary transactions and an estimated net requirement of $1,173 million for non-budgetary transactions (excluding unmatured debt transactions) will result in an overall requirement of $1,773 million. As transactions in unmatured debt during the fiscal year are expected to result in an increase of $2,090 million in outstanding unmatured debt, Receiver General bank balances will increase by $317 million. In 1970-71 the budgetary deficit of $379 million and net requirements of $1,809 million for non-budgetary purposes resulted in an overall requirement of $2,188 million. As there was an increase of $2,611 million in outstanding unmatured debt, Receiver General bank balances rose by $423 million.

The implication of the level of cash balances at any given time can be misinterpreted because of their wide fluctuations throughout the year, as is illustrated in the following table. Furthermore, because many cheques are issued at the end of a month and are not redeemed until the first few days of the following month whereas the largest percentage of receipts are not received until later, cash balances may drop in the early days of each month by as much as $125 million to $300 million.

TABLE 73

Government of Canada
Canadian Cash Balances

(in millions of dollars)

At End of Month	Fiscal year ended March 31 1968	1969	1970	1971	1972
April	594.7	609.7	713.0	527.0	1,217.0
May	866.7	458.4	804.1	540.0	1,476.3
June	650.4	328.6	879.8	311.8	1,373.2
July	686.7	248.4	874.4	345.9	1,378.7
August	661.5	381.2	841.9	433.8	1,242.5
September	367.0	190.8	636.4	296.0	1,021.0
October	194.9	391.8	479.0	262.3	927.8
November	607.1	995.0	1,537.0	1,345.5	2,825.8
December	650.1	706.6	1,377.0	1,446.6	2,286.5
January	1,065.2	853.5	1,440.7	1,629.9	2,506.0
February	940.6	761.2	1,366.7	1,723.3	2,279.4
March(preliminary)	997.2	587.0	808.4	1,233.2	1,550.1

TABLE 74

Government of Canada
Foreign Cash Balances

(converted to Canadian Dollar Value)

(in millions of dollars)

At End of Month	Fiscal year ended March 31 1968	1969	1970	1971	1972
April	15.1	13.1	22.7	25.6	6.1
May	18.2	14.6	23.5	32.7	9.3
June	19.3	19.3	22.2	33.3	8.9
July	16.7	20.4	23.3	30.6	1.5
August	24.5	22.9	20.4	27.6	19.3
September	19.8	26.8	16.8	23.1	23.5
October	21.3	18.2	24.8	28.0	24.9
November	13.0	24.6	25.2	24.7	23.5
December	17.1	14.4	24.8	30.0	26.5
January	25.5	18.1	23.8	24.5	23.9
February	15.6	20.7	20.8	27.0	20.3
March (preliminary)	18.8	14.5	24.8	21.9	22.0

Non-budgetary receipts and credits (excluding unmatured debt transactions)

Non-budgetary receipts and credits of $1,582 million include net receipts of $812 million in respect of annuity, insurance and pension accounts, $36 million in repayments of loans and $734 million from other accounts.

TABLE 75

(in millions of dollars)

Receipts and Credits (Net)	Fiscal year ended March 31	
	1971	1972 (preliminary)
Repayments of loans, investments and advances—		
Municipal Development and Loan Board	9.2	10.0
Investments in United States securities issued by other than the Government of Canada	32.3	25.8
	41.5	*35.8*
Annuity, insurance and pension accounts—		
Social security funds—		
Canada Pension Plan Account	911.3	934.0
Canada Pension Plan Investment Fund	−868.5	−910.0
Old Age Security Fund	7.0	−86.0
Unemployment Insurance Account[1]	13.3	−10.0
Superannuation accounts—		
Public service	390.6	487.0
Canadian forces	264.3	388.0
Royal Canadian Mounted Police	33.9	23.0
Other	−2.2	−13.8
	749.7	*812.2*
Other receipts and credits—		
Outstanding cheques	114.4	
Accounts payable	−20.3	114.0
Interest accrued	61.6	64.0
Interest due and outstanding	164.0	249.0
Non-interest-bearing notes—International Development Association	−9.6	50.0
Provincial tax-collection agreements account	−87.6	115.0
Compound interest on Canada savings bonds	−1.7	35.4
Cash in hands of collectors and in transit	−124.4	81.0
Other	5.8	25.9
	102.2	*734.3*
	893.4	1,582.3

[1]Formerly the Unemployment Insurance Fund.

Non-budgetary disbursements and charges (excluding unmatured debt transactions)

Non-budgetary disbursements and charges total $2,755 million and include $1,804 million for loans, investments and advances, $703 million in respect of foreign exchange reserve accounts and $247 million for other accounts.

TABLE 76

(in millions of dollars)

Disbursements and Charges (Net)	Fiscal year ended March 31	
	1971	1972 (preliminary)
Loans, investments and advances—		
Atomic Energy of Canada Limited	160.9	113.0
Canadian Broadcasting Corporation	−1.0	26.0
Canadian National Railways (including Air Canada)	203.9	230.0
Central Mortgage and Housing Corporation	596.3	668.0
Farm Credit Corporation	49.1	30.0
Export Development Corporation	80.9	106.0
The St. Lawrence Seaway Authority	55.9	54.0
Provincial governments	40.3	109.0
Unemployment Insurance Commission		100.0
Veterans Land Act advances	20.2	12.0
Yukon and Northwest Territories	14.1	21.0
National Governments	78.2	107.8
International organizations	28.0	50.0
Airport capital loans	41.2	85.0
Regional economic expansion loans		22.0
Canada Development Corporation		25.0
Telesat Canada	10.0	20.0
Other	7.7	25.5
	1,385.7	*1,804.3*
Foreign exchange reserve accounts—		
Exchange Fund Account—		
Advances	1,239.0	846.0
Special Drawing Rights in the International Monetary Fund	119.0	117.0
International Monetary Fund—		
Government's equity	348.9	−7.6
Allocation of Special Drawing Rights	−119.0	−117.0
Non-interest-bearing notes	−271.0	−135.0
	1,316.9	*703.4*
Other disbursements and charges—		
Undisbursed balances	6.8	74.4
Deferred charges	−7.0	172.6
	−0.2	*247.0*
	2,702.4	2,754.7

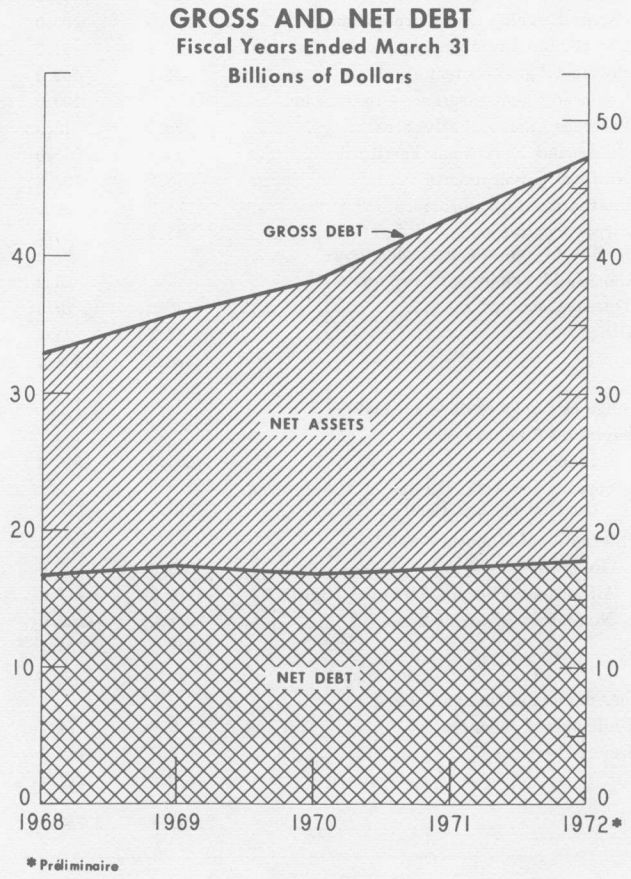
THE PUBLIC DEBT

Gross debt, net recorded assets and net debt

The gross debt of Canada, or the total of liabilities as recorded on the statement of assets and liabilities, is estimated to be $47,633 million at March 31, 1972, an increase of $4,658 million over the total at March 31, 1971. The main changes are increases of $2,094 million in unmatured debt and $1,722 million in annuity, insurance and pension accounts. Unmatured debt at $27,295 million represents 58 per cent and annuity, insurance and pension accounts at $15,525 million represents 33 per cent of the total. At March 31, 1971 unmatured debt at $25,201 million was 59 per cent and annuity, insurance and pension accounts at $13,803 million were 32 per cent of total liabilities.

The government's net recorded assets are estimated to be $29,711 million at March 31, 1972, an increase of $4,058 million over the total at March 31, 1971. The main changes are increases of $1,762 million in advances, loans and investments, $910 million in the Canada Pension Plan investment fund and $955 million in foreign exchange reserve accounts. Advances, loans and investments at $15,660 million represent 54 per cent, foreign exchange reserve accounts at $6,683 million represents 22 per cent and the Canada Pension Plan investment fund at $4,611 million represents 15 per cent of the total. At March 31, 1971 advances, loans and investments at $13,898 million were 54 per cent, foreign exchange reserve accounts at $5,727 million were 22 per cent and the Canada Pension Plan investment fund at $3,701 million was 14 per cent of the total.

Based on the above figures the net debt of Canada will be $17,922 million at March 31, 1972 compared with $17,322 million at March 31, 1971. The increase of $600 million is equivalent to the 1971-72 estimated deficit.



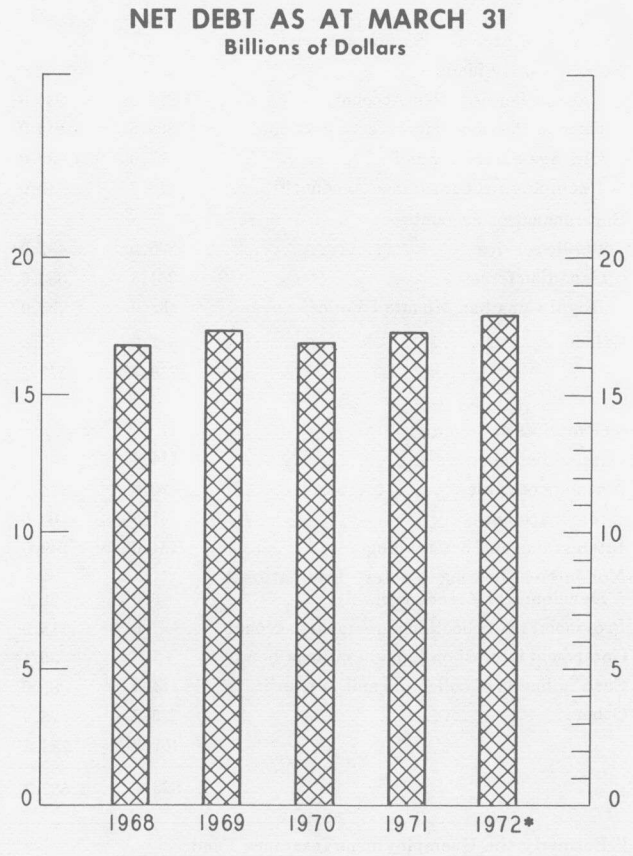


TABLE 76

STATEMENT OF PUBLIC DEBT, UNMATURED DEBT, NET RECORDED ASSETS AND NET DEBT OF CANADA

(in millions of dollars)

As at March 31	Gross public debt		Total	Less net recorded assets	Net debt	Increase in net debt during fiscal year
	Unmatured debt	Other liabilities				
1968	20,579.9	12,344.3	32,924.2	16,164.4	16,759.8	794.8
1969	22,101.0	13,818.3	35,919.3	18,583.4	17,335.9	576.1
1970	22,637.2	15,512.9	38,150.1	21,206.8	16,943.3	−392.6
1971	25,201.2	17,774.6	42,975.8	25,653.4	17,322.4	379.1
1972 (preliminary)	27,295.0	20,338.6	47,633.6	29,711.2	17,922.4	600.0

Unmatured debt

Total unmatured debt of $27,295 million is $2,094 million more than at March 31, 1971.

The government's holdings of its own securities as at March 31, 1972 at $68 million are comprised of $57 million in the securities investment account (of which $45 million is Canada savings bonds held in respect of the employees instalment purchase plan) and $11 million in investments held for retirement of unmatured debt. This is an increase of $4 million over the previous year-end total, when holdings were $57 million in the securities investment account ($45 million in respect of the employees instalment purchase plan) and $7 million in investments held for retirement of unmatured debt.

Of the total unmatured debt, $26,959 million is payable in Canadian dollars, $262 million is payable in U.S. dollars and $74 million is payable in German deutsche marks. Securities payable in foreign currencies have been valued at official parity rates.

Summary of security issues, maturities, cancellations, conversions and redemptions

Excluding the refunding of treasury bills, the government will have issued securities in an amount of $4,863 million and will have retired $2,769 million.

Net sales of Canada savings bonds series 26 of $2,503 million and additional sales of series 25 of $1 million exceed maturities and redemptions of $559 million by $1,945 million bringing total Canada savings bonds to $9,750 million at March 31, 1972.

Treasury bills of $3,830 million are $95 million more than at March 31, 1971 and consist of $2,340 million in three-month bills, $1,090 million in six-month bills and $400 million in special bills.

TABLE 77

(in millions of dollars)

UNMATURED DEBT TRANSACTIONS	Fiscal year ended March 31			
	1971		1972 (preliminary)	
Balance at beginning of fiscal year		22,637		25,201
New issues—				
Non-marketable bonds—				
Canada savings bonds	2,144		2,504	
Unemployment Insurance Commission bonds	81			
Canada Pension Plan bonds	5		6	
	2,230		*2,510*	
Marketable bonds	2,600		2,258	
Treasury bills (net)	840		95	
	5,670		4,863	
Maturities, redemptions, cancellations and conversions—				
Non-marketable bonds—				
Canada savings bonds	918		559	
Unemployment Insurance Commission bonds	219		315	
	1,137		*874*	
Marketable bonds	1,969		1,895	
	3,106		2,769	
Increase		2,564		2,094
Balance at close of fiscal year		25,201		27,295

TABLE 78

DEBT MATURED, REDEEMED, CONVERTED OR CANCELLED DURING THE FISCAL YEAR ENDED MARCH 31, 1972 (estimated)

(in millions of dollars)

	Matured	Re-deemed	Con-verted	Can-celled	Total
Marketable bonds—					
CT 15	350				350
F 17	285				285
T 28				350	350
F 20	225				225
F 31	200				200
F 35	200				200
F 45	170				170
F 46			38		38
F 49	75				75
5% 1962-87 NY		2			2
	1,505	*2*	*38*	*350*	*1,895*
Non-marketable bonds—					
Canada savings bonds (S13-25)	32	527			559
Unemployment Insurance Commission		315			315
	1,537	844	38	350	2,769

Interest rates

The average interest rate on the government's unmatured debt as at March 31, 1972 is estimated at 5.88 per cent compared with 6.03 per cent at March 31, 1971. The average yield on three-month treasury bills was 3.57 per cent at tender on March 29, 1972 compared with 3.02 per cent at tender on March 25, 1971; on six-month bills it was 3.86 per cent at tender on March 29, 1972 compared with 3.08 per cent at tender on March 25, 1971; and on special bills it was 4.39 per cent at tender on February 10, 1972 compared with 4.98 per cent on February 11, 1971.

TABLE 79

NEW SECURITIES ISSUED DURING FISCAL YEAR ENDED MARCH 31, 1972

(in millions of dollars)

		Total amount issued
Marketable bonds—		
5¼% 1971-74	F 14	75
5¼% 1971-72	F 59	125
8% 1971-86	F 47	38
5% 1971-74	F 62	350
5½% 1971-76	F 63	395
6½% 1971-80	F 64	200
5¾% 1971-76	F 65	125
6½% 1971-79	F 66	100
6¼% 1971-76	F 67	350
5½% 1971-73	F 69	150
4½% 1971-74	F 70	125
5¾% 1971-79	F 71	225
		2,258
Non-marketable bonds—		
Canada savings bonds—		
Nov. 1, 1970—Nov. 1, 1981	S 25	1
Nov. 1, 1971—Nov. 1, 1980	S 26	2,503
		2,504
Canada Pension Plan		6
Treasury bills (net)		95
		4,863

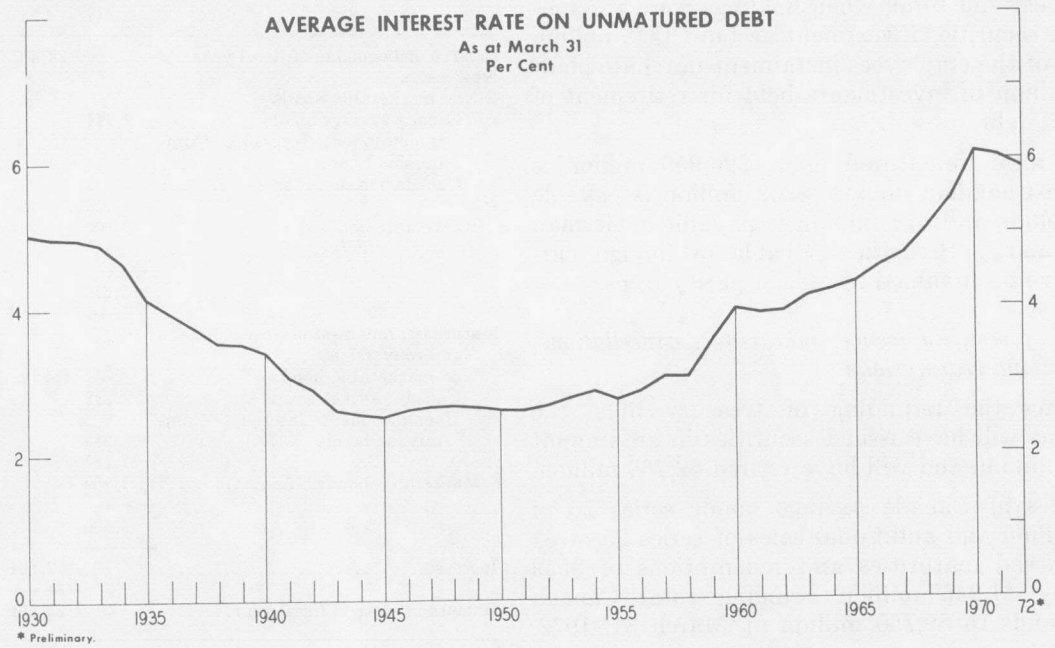


TABLE 80

TREASURY BILLS AVERAGE YIELDS AT TENDER

FISCAL YEAR ENDED MARCH 31	High	Low	Last issue
	per cent	per cent	per cent
Three-month bills—			
1968	7.01	3.96	6.98
1969	7.00	5.48	6.58
1970	7.83	6.54	7.00
1971	7.02	2.99	3.02
1972	4.06	2.96	3.57
Six-month bills—			
1968	7.02	3.97	6.98
1969	7.01	5.43	6.80
1970	7.93	6.74	6.76
1971	6.82	3.08	3.08
1972	4.27	3.13	3.86
Special bills—			
1968	5.65	5.65	5.65
1969	6.53	5.90	5.90
1970	8.01	7.46	8.01
1971	6.80	4.77	4.98
1972	4.39	3.60	4.39

Indirect debt or contingent liabilities

In addition to the direct debt set out in the statement of assets and liabilities, the government has assumed certain indirect or contingent liabilities. These consist of securities of the Canadian National Railways, guaranteed as to principal and interest, and a number of miscellaneous guarantees, the chief of which are the guarantee of insured loans made by chartered banks and other approved lending institutions under the National Housing Act, advances under the Export Development Act, bank loans under the Canada Student Loans Act and the Farm Improvements Loans Act and bank loans to the Canadian Wheat Board.

TABLE 81

CONTINGENT LIABILITIES

(in millions of dollars)

	Amount of guarantee	Amount outstanding
Railway securities guaranteed as to principal and interest—		
Canadian National 3¾% due February 1, 1974	200.0	200.0
Canadian National 2¾% due June 15, 1975, U.S. $6,000,000[1]	6.0	6.0
Canadian National 5% due May 15, 1977	77.1	77.1
Canadian National 4% due February 1, 1981	300.0	300.0
Canadian National 5¾% due January 1, 1985	90.0	90.0
Canadian National 5% due October 1, 1987	143.3	143.3
Grand Trunk Western Railroad Company	5.4	5.4
	821.8	821.8
Other outstanding guarantees and contingent liabilities—		
Loans made by lenders under Part IV of the National Housing Act, 1954 for home extension and improvements[2]	30.0	22.8
Insured loans made by approved lenders under the National Housing Act, 1954[2][3]	16,000.0	9,225.0
Liability for insurance and guarantees under the Export Development Act[2]	1,150.0	605.5
Loans made by chartered banks under the Farm Improvement Loans Act	207.9	92.4
Loans made by chartered banks and credit unions under the Fisheries Improvement Loans Act	3.7	2.5
Loans made by chartered banks under the Small Businesses Loans Act	34.4	20.1
Loans made by chartered banks and credit unions under the Canada Student Loans Act[4]	638.4	588.0
Loans made by chartered banks to the Canadian Wheat Board[2]	725.0	327.0
Loans made by lenders under the Cape Breton Development Act	100.0	30.0
Loans made by lenders under the General Adjustment Assistance Program	250.0	17.2
	19,961.2	11,752.3
Loans maintained by approved lending institutions under National Housing Acts prior to 1954 Act	Unstated	Indeterminate
Guarantees to owners of returns from moderate rental housing projects[5]	Unstated	Indeterminate

[1] Liability is subject to exchange rate in effect June 15, 1975.

[2] As of December 31, 1971.

[3] As reported by approved lenders as of December 31, 1971.

[4] Includes contingent liability in respect of alternative payments to non-participating province.

[5] As of December 31, 1971, funds totalling $6,504,237 were held by the Central Mortgage and Housing Corporation for the purpose of settling claims. In 1971 rental contracts totalled $4,288,000.

SUPPLEMENTARY DETAILED TABLES

REVENUE

EXPENDITURE

ANNUAL CHANGES IN LOANS AND INVESTMENTS

UNMATURED DEBT

STATEMENT OF REVENUE FOR THE LAST FIVE FISCAL YEARS
(in millions of dollars)

	1967–68	1968–69	1969–70	1970–71	1971–72 (preliminary)
Tax revenue—					
Income tax—					
Personal[1][2]	2,849.6	3,356.4	4,085.1	4,696.5	5,540.0
Corporation[1][2]	1,670.6	2,030.0	2,612.0	2,218.5	2,200.0
On dividends, interest, etc., going abroad	220.5	205.6	248.5	258.2	280.0
	4,740.7	*5,592.0*	*6,945.6*	*7,173.2*	*8,020.0*
Social development tax		63.0	476.5	566.3	409.0
Excise taxes—					
Sales tax[1][2]	1,601.1	1,569.8	1,716.9	1,707.5	2,000.0
Other taxes—					
Cigarettes, tobacco and cigars	266.7	304.2	295.8	319.4	330.8
Jewellery, watches, ornaments etc.	10.2	9.5	10.4	10.2	11.6
Matches and lighters	1.2	1.1	1.1	1.1	1.2
Television sets, radios and phonographs	32.6	35.3	40.8	38.6	14.2
Toilet preparations	17.9	18.6	19.7	21.4	23.2
Wines	5.3	5.9	7.0	8.1	9.5
Sundry commodities	1.5	1.7	2.6	4.0	2.0
Interest and penalties	2.2	2.4	2.2	2.1	3.6
Less refunds	−0.6	−0.8	−1.2	−1.7	−1.1
	337.0	*377.9*	*378.4*	*403.2*	*395.0*
Customs import duties	746.4	761.7	818.3	814.5	970.0
Excise duties—					
Spirits	180.5	185.4	194.7	209.4	229.6
Beer	120.2	135.0	139.4	149.1	159.8
Cigarettes, tobacco and cigars	194.6	196.6	193.8	212.2	226.2
Less refunds	−6.7	−7.7	−9.1	−9.7	−10.6
	488.6	*509.3*	*518.8*	*561.0*	*605.0*
Estate tax	102.2	112.4	100.6	119.9	134.7
Miscellaneous tax revenue	0.3	0.3	0.3	0.3	0.3
Total tax revenue	8,016.3	8,986.4	10,955.4	11,345.9	12,534.0
Non-tax revenue—					
Return on investments	612.3	697.2	860.0	1,000.2	1,095.0
Post office—net postal revenue	261.5	288.4	354.8	337.6	400.0
Other	104.7	182.0	144.0	119.3	116.0
Total non-tax revenue	978.5	1,167.6	1,358.8	1,457.1	1,611.0
Total revenue	8,994.8	10,154.0	12,314.2	12,803.0	14,145.0

[1] Excluding credits to old age security fund—

	1967–68	1968–69	1969–70	1970–71	1971–72 (preliminary)
Personal income tax	800.1	915.0	1,026.5	1,132.5	1,237.0
Corporation income tax	150.0	183.0	227.1	207.9	213.0
Sales tax	544.5	528.1	577.4	573.8	670.0

[2] Net after deduction of refunds and drawbacks as well as transfers to the old age security fund.

STATEMENT OF EXPENDITURES BY DEPARTMENTS AND MAJOR CATEGORIES FOR THE LAST FIVE FISCAL YEARS

(in millions of dollars)

	1967–68	1968–69	1969–70	1970–71	1971–72 (preliminary)
AGRICULTURE—					
Administration and general	109.6	115.5	114.7	120.8	135.7
Agricultural commodities stabilization account—net operating loss	139.7	145.4	136.3	126.4	127.0
Wheat inventory reduction payments			100.0		
Canadian Livestock Feed Board	21.6	16.2	22.2	20.8	20.4
Farm Credit Corporation—net operating loss	3.8	6.0	8.7	8.6	8.4
Canadian Dairy Commission	0.3	0.3	0.4	0.4	0.5
	275.0	*285.4*	*382.3*	*277.0*	*292.0*
COMMUNICATIONS	14.5	12.9	13.4	13.9	21.0
CONSUMER AND CORPORATE AFFAIRS—					
Administration and general	12.9	13.8	16.1	18.1	22.2
Prices and Incomes Commission			0.6	2.1	1.8
	12.9	*13.8*	*16.7*	*20.2*	*24.0*
ENERGY, MINES AND RESOURCES—					
Administration and general	4.2	4.9	6.5	7.7	7.6
Atomic energy	69.3	72.6	74.9	76.7	89.0
Dominion Coal Board	33.6	7.2	8.8	6.0	
Minerals, energy and earth sciences	53.9	54.8	56.7	56.7	77.4
National Energy Board	1.6	1.5	1.9	2.4	3.0
	162.6	*141.0*	*148.8*	*149.5*	*177.0*
ENVIRONMENT	147.7	159.2	164.8	172.9	199.0
EXTERNAL AFFAIRS—					
Administration and general	48.5	53.7	59.7	55.7	77.8
Assessments, contributions and other payments to international organizations and international multilateral economic and special programs	16.7	15.3	13.3	15.5	16.2
Canadian International Development Agency	150.1	156.8	168.7	209.9	214.5
International Joint Commission	0.4	0.4	0.5	0.5	0.5
	215.7	*226.2*	*242.2*	*281.6*	*309.0*
FINANCE—					
Administration and general	36.4	23.7	19.3	29.2	42.5
EXPO 1967—deficit			122.9		
Grants to municipalities and provinces in lieu of taxes	41.5	45.1	49.5	54.1	58.0
Public debt charges	1,300.8	1,480.0	1,716.9	1,822.8	1,995.0
Fiscal transfer payments to provinces	737.5	867.1	932.4	1,228.9	1,429.0
Tariff Board	0.5	0.4	0.4	0.5	0.5
Auditor General	2.3	2.4	2.9	3.1	4.0
Insurance	0.4	0.4	0.6	1.0	1.0
	2,119.4	*2,419.1*	*2,844.9*	*3,139.6*	*3,530.0*
GOVERNOR GENERAL AND LIEUTENANT-GOVERNORS	1.0	1.0	1.1	1.2	1.2
INDIAN AFFAIRS AND NORTHERN DEVELOPMENT—					
Administration and general	5.3	5.8	7.5	7.7	9.0
Conservation program	27.4	30.6	32.2	33.5	48.0
Indian and Eskimo affairs	139.4	165.2	204.1	227.7	251.0
Northern development	50.9	55.0	57.5	81.7	108.0
	223.0	*256.6*	*301.3*	*350.6*	*416.0*
INDUSTRY, TRADE AND COMMERCE	163.9	179.2	263.7	211.5	281.0
Statistics Canada	22.5	24.0	32.4	39.1	69.0
	186.4	*203.2*	*296.1*	*250.6*	*350.0*
JUSTICE	15.4	16.9	19.7	22.7	28.4

STATEMENT OF EXPENDITURES BY DEPARTMENTS AND MAJOR CATEGORIES FOR THE LAST FIVE FISCAL YEARS

(in millions of dollars)

	1967–68	1968–69	1969–70	1970–71	1971–72 (preliminary)
LABOUR	10.9	11.1	12.1	13.5	17.0
MANPOWER AND IMMIGRATION—					
Administration and general	20.6	23.4	10.0	12.4	15.0
Development and utilization of manpower	342.3	337.4	399.4	529.5	585.0
Immigration	21.6	29.4	24.3	22.8	23.0
Municipal winter works incentive program	30.5	21.5	0.4		
Program development	2.9	4.4	5.4	6.1	7.0
Unemployment Insurance Commission—					
Administration and general	37.6	38.8	45.0	79.0	74.0
Government's contribution to the fund	69.5	86.6	98.4	99.0	89.0
	525.0	*541.5*	*582.9*	*748.8*	*793.0*
NATIONAL DEFENCE—					
Administration and general	24.7	24.9	26.8	29.9	32.4
Canadian forces superannuation account—					
Government's contribution	58.4	57.0	65.6	70.4	73.8
Amortization of deferred charges	72.6	104.5	92.2	89.4	66.0
Additional interest				45.7	59.0
Defence services	1,528.3	1,507.7	1,540.6	1,517.2	1,602.1
Defence research	40.6	44.1	44.1	45.9	47.3
Mutual aid to NATO countries	18.0	15.3	14.1	14.4	14.4
Civil emergency measures organization	8.0	6.3	5.0	5.0	5.0
	1,750.6	*1,759.8*	*1,788.4*	*1.817.9*	*1,900.0*
NATIONAL HEALTH AND WELFARE—					
Administration and general	3.9	4.2	11.0	12.3	18.0
Food and drug services	7.9	9.1	12.2	15.6	19.0
Health insurance and resources—					
General health grants to provinces	46.0	44.0	69.1	19.6	16.0
Government's contributions under the Hospital Insurance and Diagnostic Services Act	468.6	561.9	635.9	734.3	850.6
Health resources fund	32.7	33.9	34.4	37.5	37.0
Medical Care Act		33.0	181.0	400.5	576.5
Other	1.3	1.6	1.2	1.4	1.9
Health services	7.6	6.7	7.0	6.5	8.0
Medical services	36.5	39.2	40.6	45.4	47.0
Welfare services—					
Family allowances	558.8	560.2	560.1	557.9	554.5
Youth allowances	49.4	52.4	55.1	58.0	59.8
Unemployment assistance	6.1	1.1	0.7		
Canada assistance plan	225.6	256.8	293.6	391.6	462.4
Other	36.6	30.2	22.6	23.0	28.3
Medical Research Council	20.7	27.2	31.2	34.4	35.0
	1,501.7	*1,661.5*	*1,955.7*	*2,338.0*	*2,714.0*
NATIONAL REVENUE—					
Customs and excise	56.7	59.5	70.1	74.4	84.5
Taxation	58.1	60.2	74.2	84.0	97.0
Tax Review Board	0.3	0.3	0.3	0.4	0.5
	115.1	*120.0*	*144.6*	*158.8*	*182.0*
PARLIAMENT—					
House of Commons	14.3	14.3	17.6	21.0	27.8
Senate	3.4	3.6	4.6	5.1	5.3
Library of Parliament	0.6	0.7	0.8	1.1	1.3
	18.3	*18.6*	*23.0*	*27.2*	*34.4*

STATEMENT OF EXPENDITURES BY DEPARTMENTS AND MAJOR CATEGORIES FOR THE LAST FIVE FISCAL YEARS

(in millions of dollars)

	1967–68	1968–69	1969–70	1970–71	1971–72 (preliminary)
POST OFFICE	281.7	319.5	340.5	368.6	412.0
PRIVY COUNCIL					
Privy Council	8.1	6.3	6.9	7.2	8.2
Economic Council of Canada	1.5	1.5	1.6	1.7	1.7
Chief Electoral Officer	0.7	13.5	0.3	1.2	1.2
Commissioner of Official Languages			0.4	0.4	1.0
Public Service Staff Relations Board	1.0	1.1	1.2	1.3	1.6
Science Council of Canada	0.4	0.4	1.2	1.2	1.3
	11.7	*22.8*	*11.6*	*13.0*	*15.0*
PUBLIC WORKS—					
Administration and general	48.4	43.4	38.2	38.1	42.9
Accommodation services	133.8	172.0	190.5	218.4	263.5
Marine services	43.9	32.1	31.3	34.6	34.6
Trans-Canada highway—contributions to provinces	64.7	37.3	26.8	39.6	2.0
	290.8	*284.8*	*286.8*	*330.7*	*343.0*
REGIONAL ECONOMIC EXPANSION	134.7	125.7	179.4	260.5	276.0
Cape Breton Development	1.7	30.1	32.7	37.3	40.0
	136.4	*155.8*	*212.1*	*297.8*	*316.0*
SECRETARY OF STATE—					
Administration and general	28.8	24.5	16.4	26.6	60.4
Bilingualism development program			1.7	53.4	74.1
Education support program	108.2	276.6	301.4	388.2	450.0
Canada Council	16.9	20.6	23.7	24.2	26.0
Canadian Broadcasting Corporation	143.3	148.3	166.0	166.0	181.0
Canadian Film Development Corporation		0.2	0.4	1.0	1.0
Canadian Radio-Television Commission	1.0	1.9	2.8	3.3	4.0
Centennial Commission	31.2				
Company of Young Canadians	2.4	1.9	1.9	1.9	1.9
National Arts Centre Corporation	1.0	1.1	2.5	2.6	2.8
National Film Board	9.3	10.0	10.5	10.4	11.0
National Library	1.6	1.7	2.0	2.5	4.0
National Museums of Canada	6.7	7.1	7.3	8.2	10.0
Office of the Representation Commissioner	0.1	0.1	0.1	0.1	0.1
Public Archives	2.0	2.2	2.4	3.7	3.7
Public Service Commission	12.7	12.9	14.1	15.8	18.0
	365.2	*509.1*	*553.2*	*707.9*	*848.0*
SOLICITOR GENERAL—					
Administration and general	0.9	0.5	0.9	1.4	1.6
Correctional services	64.9	63.6	70.0	75.1	85.0
Royal Canadian Mounted Police	87.7	101.8	113.2	146.3	178.4
	153.5	*165.9*	*184.1*	*222.8*	*265.0*
SUPPLY AND SERVICES—					
Administration and general	3.0	4.3	4.0	4.2	4.0
Services	32.8	34.6	40.7	36.5	42.0
Supply	21.5	21.6	28.2	21.6	21.5
Public Printing and Stationery	4.7	3.5	4.0		
Information Canada			1.5	7.0	7.5
Canadian Arsenals Limited	0.4	0.3	0.5	1.5	1.5
Canadian Commercial Corporation	2.0	2.1	3.4	3.9	3.5
	64.4	*66.4*	*82.3*	*74.7*	*80.0*

STATEMENT OF EXPENDITURES BY DEPARTMENTS AND MAJOR CATEGORIES FOR THE LAST FIVE FISCAL YEARS

(in millions of dollars)

	1967-68	1968-69	1969-70	1970-71	1971-72 (preliminary)
TRANSPORT—					
Administration and general	7.1	7.9	7.4	8.5	15.0
Air transportation program	104.0	115.4	109.0	124.5	157.4
Marine transportation program	92.0	91.5	95.6	90.9	100.0
Surface transportation	58.7	41.1	47.3	49.6	71.6
Canadian National Railways—deficit	35.8	29.2	24.6	29.7	24.2
Canadian Transport Commission—					
Administration and general	3.6	4.2	10.3	10.5	15.7
Payments under the National Transportation Act	126.0	93.7	79.6	65.7	52.3
Contributions to the railway grade crossing fund	15.0	15.0	15.0	20.0	20.0
Maritime Freight Rates Act	14.2	13.9	14.6	14.0	14.0
Steamship subventions	11.1	12.2	6.0	6.0	6.0
Subsidies to air carriers	1.2	1.3	3.4	1.8	2.0
National Harbours Board	4.8	6.6	8.6	2.5	2.2
The St. Lawrence Seaway Authority	10.6	11.4	10.5	10.1	13.6
	484.1	*443.4*	*431.9*	*433.8*	*494.0*
TREASURY BOARD—					
Administration and general	38.3	43.2	45.4	55.6	62.0
Reserve for salary revisions		120.5	58.7	65.0	15.0
Public service superannuation account—					
Government's contribution	59.6	66.0	73.5	85.6	88.0
Amortization of deferred charges	60.6	84.8	91.8	84.8	86.0
Additional interest				49.5	65.0
National Research Council	101.0	117.8	121.7	122.9	129.0
	259.5	*432.3*	*391.1*	*463.4*	*445.0*
URBAN AFFAIRS AND HOUSING—					
Department					2.0
Central Mortgage and Housing Corporation	23.1	29.7	43.6	47.0	62.4
National Capital Commission	23.2	25.0	24.0	28.4	47.6
	46.3	*54.7*	*67.6*	*75.4*	*112.0*
VETERANS AFFAIRS—					
Administration and general	10.1	10.1	4.7	7.3	6.8
Welfare services	114.2	112.9	112.6	109.8	99.3
Pensions	205.6	223.3	222.3	216.4	238.6
Treatment services	61.4	71.6	72.1	66.4	70.9
Veterans land administration	9.5	9.7	10.7	10.1	11.4
	400.8	*427.6*	*422.4*	*410.0*	*427.0*
	9,789.6	10,730.1	11,921.6	13,182.1	14,745.0

UNMATURED DEBT INCLUDING TREASURY BILLS AS AT MARCH 31, 1972 AND THE ANNUAL INTEREST THEREON (PRELIMINARY)

		Date of maturity	Rate per cent	Amount of loan	Annual interest
				$	$
Payable in Canadian dollars—					
Loan of 1936	P 1	Perpetual	3	55,000,000	1,650,000
Loan of 1969	F 37	1972 Apr. 1	7¼	235,000,000	17,037,500
Loan of 1970	F 53	Apr. 1	6½	215,000,000	13,975,000
Conversion loan, 1958	T 28	Sept. 1	4½	717,203,100	30,481,132
Loan of 1970	F 59	Dec. 15	5¼	225,000,000	11,812,500
Loan of 1969	F 43	1973 Feb. 1	8	110,000,000	8,800,000
Loan of 1970	F 50	Feb. 1	7	150,000,000	10,500,000
Loan of 1968	F 25	Apr. 1	7	475,000,000	33,250,000
Loan of 1970	F 54	July 1	6½	150,000,000	9,750,000
Loan of 1970	F 58	July 1	6¾	200,000,000	13,500,000
Loan of 1965	CT 17	Oct. 1	5	275,000,000	13,750,000
Loan of 1967	F 11	Oct. 1	5	200,000,000	10,000,000
Canada savings bonds, 1958	S 13	Nov. 1	4¼	14,135,000	590,747
Loan of 1967	F 22	Dec. 1	6¼	225,000,000	14,062,500
Loan of 1971	F 69	Dec. 1	5¼	150,000,000	7,875,000
Loan of 1969	F 38	1974 Apr. 1	7¼	125,000,000	9,062,500
Loan of 1971	F 62	Apr. 1	5	350,000,000	17,500,000
Loan of 1968	F 28	June 15	7	250,000,000	17,500,000
Loan of 1970	F 60	June 15	6	200,000,000	12,000,000
Loan of 1969 and 1970	F 46	Oct. 1	8	424,912,000	33,992,960
Canada savings bonds, 1964	S 19	Nov. 1	5½	47,992,000	2,639,560
Loan of 1967	F 14	Dec. 1	5½	175,000,000	9,625,000
Loan of 1971	F 70	Dec. 1	4¼	125,000,000	5,312,500
Loan of 1968	F 32	1975 Apr. 1	6½	200,000,000	13,000,000
Loan of 1970	F 51	Apr. 1	7¼	225,000,000	16,312,500
Loan of 1970	F 55	July 1	7¼	260,000,000	18,850,000
Loan of 1959	T 36	Oct. 1	5½	310,361,000	17,069,855
Loan of 1965	CT 24	Oct. 1	5½	50,000,000	2,750,000
Loan of 1967	F 9	Oct. 1	5½	70,000,000	3,850,000
Canada savings bonds, 1963	S 18	Nov. 1	5½	51,299,000	2,821,445
Loan of 1970	F 56	Dec. 15	7¼	450,000,000	32,625,000
Loan of 1960	T 38	1976 Apr. 1	5½	436,198,000	23,990,890
Loan of 1954	T 11	June 1	3¼	247,046,500	8,029,011
Loan of 1971	F 65	June 1	5¾	125,000,000	7,187,500
Loan of 1971	F 67	Aug. 1	6¼	350,000,000	21,875,000
Loan of 1971	F 63	Oct. 1	5¼	395,000,000	20,737,500
Canada savings bonds, 1962	S 17	Nov. 1	5½	80,397,000	4,421,835
Loan of 1970	F 52	1977 Sept. 1	7	500,000,000	35,000,000
Canada savings bonds, 1965	S 20	Nov. 1	5	45,280,000	2,264,000
Loan of 1953 and 1958	T 5	1978 Jan. 15	3¾	207,911,500	7,796,681
Loan of 1969	F 41	July 1	8	125,000,000	10,000,000
Special replacement series	SRS	Oct. 1	7	210,812,000	14,756,840
Canada savings bonds, 1969	S 24	Nov. 1	8	4,239,595,000	339,167,600
Loan of 1971	F 66	1979 June 1	6½	100,000,000	6,500,000
Loan of 1954	T 13	Oct. 1	3¼	343,246,500	11,155,511
Canada savings bonds, 1966	CS	Nov. 1	5½	212,521,000	11,688,655
Loan of 1971	F 71	Dec. 15	5¾	225,000,000	12,937,500
Loan of 1971	F 64	1980 Apr. 1	6¼	200,000,000	12,500,000
Loan of 1962	AT 14	Aug. 1	5½	104,822,500	5,765,238
Loan of 1966	CT 26	Aug. 1	5½	73,831,500	4,060,732
Loan of 1966 and 1967	F 3	Aug. 1	5½	158,271,000	8,704,905
Canada savings bonds, 1967	S 22	Nov. 1	5¼	113,681,000	5,974,252
Canada savings bonds, 1971	S 26	Nov. 1	5¾	2,503,000,000	143,920,000
Canada savings bonds, 1970	S 25	1981 Nov. 1	7¾	1,764,041,000	136,671,750
Canada savings bonds, 1968	S 23	1982 Nov. 1	6¾	466,540,000	31,491,450
Conversion loan, 1958	T 29	1983 Sept. 1	4½	1,992,679,450	89,670,575
Loan of 1969 and 1970	F 47	1986 Oct. 1	8	88,000	7,040
Loan of 1963	AT 21	1988 June 1	5	100,000,000	5,000,000
Loan of 1964	CT 9	June 1	5	50,000,000	2,500,000
Loan of 1971	F 61	1989 Feb. 15	6¾	150,000,000	10,125,000
Loan of 1964 and 1965	CT 12	1990 May 1	5¼	225,000,000	11,812,500
Loan of 1967	F 12	May 1	5¼	125,000,000	6,562,500
Loan of 1966 and 1967	F 6	1992 Sept. 1	5¾	225,000,000	12,937,500

UNMATURED DEBT INCLUDING TREASURY BILLS AS AT MARCH 31, 1972 AND THE ANNUAL INTEREST THEREON (PRELIMINARY)

		Date of maturity	Rate per cent	Amount of loan	Annual interest
				$	$
Payable in Canadian dollars—*Concluded*					
Loan of 1968	F 33	1995 Oct. 1	6½	100,000,000	6,500,000
Conversion loan, 1956	T 15	1998 Mar. 15	3¾	197,045,000	7,389,188
Three-month treasury bills				2,340,000,000	79,794,000
Six-month treasury bills				1,090,000,000	38,964,000
Special treasury bills				400,000,000	15,963,000
Canada Pension Plan bonds			various	26,400,000	1,807,000
				26,959,309,050	1,587,574,852
Payable in United States dollars—					
Loan of 1949		1974 Sept. 1	2¾	48,755,627	1,340,780
Loan of 1950		1975 Sept. 15	2¾	30,301,591	833,294
Loan of 1962		1987 Oct. 15	5	74,378,304	3,718,915
Loan of 1968		1988 June 1	6⅞	108,108,000	7,432,425
				261,543,522	13,325,414
Payable in German deutsche marks		1973 June 1	6¾	73,844,250	4,984,487
				27,294,696,822	1,605,884,753

The interest shown is a projection for one year on the principal amounts outstanding at March 31, 1972. Where various rates of interest are applicable during the term of a loan the interest rate in effect at March 31, 1972 has been used. Bonds payable in foreign currencies have been converted at official parity rates.

ANNUAL CHANGES IN LOANS AND ADVANCES FOR THE LAST FIVE FISCAL YEARS
(in millions of dollars)

—	1967-68	1968-69	1969-70	1970-71	1971-72 (preliminary)
Loans to, and investments in, crown corporations—					
Air Canada	0.6	50.1	71.3	111.3	27.0
Atomic Energy of Canada Limited	32.9	68.5	136.0	160.9	113.0
Canada Deposit Insurance Corporation	29.4	−5.9	7.0	−19.1	−1.0
Canada Development Corporation					25.0
Canadian Arsenals Limited			−0.5		
Canadian Broadcasting Corporation	18.4	18.3	19.6	−1.0	26.0
Canadian Commercial Corporation	6.5	−1.0			
Canadian Corporation for the 1967 World Exhibition	30.0	−57.0	−148.0		
Canadian Dairy Commission	22.1	19.8	3.2	−21.8	−23.0
Canadian National Railways	163.2	150.3	102.0	92.6	203.0
Canadian Overseas Telecommunication Corporation	2.6	−3.1	−3.4	−3.6	−2.0
Cape Breton Development Corporation	5.2	4.8	−2.0	−4.0	4.0
Central Mortgage and Housing Corporation	633.9	385.2	481.2	596.3	668.0
Eldorado Nuclear Limited			17.2	9.8	5.0
Export Development Corporation	34.7	32.5	41.9	80.9	106.0
Farm Credit Corporation	169.2	128.2	77.8	49.1	30.0
Freshwater Fish Marketing Corporation			2.2	2.6	5.0
National Capital Commission	0.8	−9.2	1.3	−5.6	1.5
National Harbours Board	27.8	11.1	4.5	4.6	3.0
Northern Canada Power Commission	2.9	8.5	2.6	4.7	2.0
Northern Transportation Company Limited		2.0	8.0	6.1	1.0
Royal Canadian Mint			2.0	−1.0	
St. Lawrence Seaway Authority[2]	26.7	28.8	41.5	55.9	54.0
Other		0.3	1.3	2.0	1.5
	1,206.9	*832.2*	*866.7*	*1,120.7*	*1,249.0*
Loans to national governments—					
United Kingdom	−19.2	[3]18.1	−20.0	−20.4	−20.9
Export Credits Insurance Act	−2.3	−2.3	−2.3	−15.3	−15.3
Special loans to Colombo plan countries to finance the purchase of wheat and flour from Canada	−0.3				
Loans to India for the purchase in Canada of aircraft and associated spare parts and equipment	−2.7	−1.3			
Special loan assistance—developing countries	29.1	48.5	81.1	114.0	144.0
Other	−0.1	0.1	−0.1	−0.1	
	4.5	*63.1*	*58.7*	*78.2*	*107.8*
Other loans and investments—					
Subscriptions to capital of, and working capital advances and loans to, international organizations—					
Canada's subscription to capital of—					
Asian Development Bank	2.7	2.7	2.7	2.6	
Caribbean Regional Development Bank			1.1	0.7	
International Bank for Reconstruction and Development					
International Development Association	15.0	27.1	27.0	24.9	50.0
Working capital advances and loans to international organizations	−0.3	−0.3	−0.2	−0.2	
Loans to provincial governments	64.2	82.6	49.3	40.3	109.0
Municipal Development and Loan Board	48.5	1.6	−8.5	−9.2	−10.0
Veterans Land Act advances	71.5	38.7	50.4	20.2	12.0
Advances to Unemployment Insurance Commission					100.0
Airports—capital loans			5.1	41.2	85.0
Development of space and terrestrial communications			9.9	−9.9	20.0
Investment in shares of Panarctic Oils Ltd			13.6	6.8	8.0
Loans to manufacturers of automotive parts in Canada	7.9	1.1	12.1	6.5	2.0
Other	21.7	15.6	39.4	53.7	29.2
	231.2	*169.1*	*201.9*	*177.6*	*405.2*
Net total of changes in loans and investments	1,442.6	1,064.4	1,127.3	1,376.5	1,762.0

[1] Formerly the Export Credits Insurance Corporation.
[2] Includes deferred interest.
[3] Deferred interest.

HOUSE OF COMMONS

Tuesday, May 9, 1972

The House met at 2 p.m.

ROUTINE PROCEEDINGS

On the order: Motions.

Mr. Lewis: Mr. Speaker, I rise on a point of order. I thought that perhaps the government might have considered making a statement on motions about the serious situation in southeast Asia. Can the Prime Minister inform the House whether that is the intention of the government?

Mr. Trudeau: Mr. Speaker, I do not intend giving an undertaking to make a statement at this point. It is possible we will want to make one, but at this stage we are trying to get more knowledge of the facts and a better feeling of the situation.

* * *

• (1410)

CANADIAN WHEAT BOARD ACT

AMENDMENTS RESPECTING DETERMINATION OF PAYMENT FOR WHEAT—EXTENSION OF APPLICATION TO FLAXSEED, RYE AND RAPESEED

On the order: Introduction of Bills.

April 27, 1972—The Minister responsible for the Wheat Board—Bill intituled: "An Act to amend the Canadian Wheat Board Act."

Mr. MacEachen: May I rise on a point of order, Mr. Speaker? With respect to this bill of which notice is given, there have been discussions among the House leaders and because this is the same bill as was reported out of committee last session it is understood that when and if it is given first reading it will be moved forward to the report stage on the understanding that hon. members will be able to move amendments in the usual way and will not be confined to the amendments that were moved in the last session. If the House is of a mind to do so, I should like to have an order which would put this bill at the report stage, where it stood at the prorogation of the last session, on the understanding that hon. members might move amendments either as in the former session or new report stage amendments.

Mr. Speaker: Is this agreed?

Some hon. Members: Agreed.

Mr. Speaker: It is so ordered. Is it the intention that we now proceed with first reading of this bill on the basis of the order of the House?

Some hon. Members: Agreed.

Hon. Allan J. MacEachen (for the Minister responsible for the Wheat Board) moved for leave to introduce Bill C-204, to amend the Canadian Wheat Board Act.

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

Mr. Speaker: Pursuant to the order made a few moments ago this bill stands for consideration at the report stage.

* * *

CRIMINAL RECORDS ACT

AMENDMENT RESPECTING YOUNG OFFENDERS WITH ONE CONVICTION

Mr. P. B. Rynard (Simcoe North) moved for leave to introduce Bill C-205, to amend the Criminal Records Act.

Some hon. Members: Explain.

Mr. Rynard: This bill is aimed particularly at those young offenders who have been convicted once of an offence such as the possession of marijuana or driving while impaired and who go on to lead useful lives but whose progress is marred by having a criminal record.

Some hon. Members: Hear, hear!

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

MOTION TO ADJOURN UNDER S.O. 26

EXTERNAL AFFAIRS

ESCALATION OF VIET NAM WAR

Mr. David Lewis (York South): Mr. Speaker, I ask leave, seconded by the hon. member for Greenwood (Mr. Brewin), to move the adjournment of the House under Standing Order 26 for the purpose of discussing a specific and important matter requiring urgent consideration, namely, the dangerous escalation of the war in Viet Nam, ordered by the President of the United States, which poses a serious threat to world peace.

Mr. Speaker: The hon. member for York South has given the Chair due notice of his intention to request leave to move the adjournment of the House for the purpose of discussing what he has termed "the dangerous escalation of the war in Viet Nam".

It is unnecessary for the Chair to emphasize the gravity of the situation to which allusion has been made. The Chair is confronted with a very difficult procedural question in deciding whether or not Standing Order 26 provides a suitable vehicle on which to stage a debate of this nature at the present time. This is not to ignore recent developments in that area of the world, but the broad question of the struggle in Viet Nam will be recognized by all hon. members as being one of a continuing nature. In that regard the Chair need only point out that a debate under the provisions of Standing Order 26 was held on May 1, 1970, on the basis of the "widening of the war in southeast Asia" and, in particular, "to seek ways and means of avoiding further escalation of the war and of promoting effective international action to bring peace to the area." Those words were used in support of the motion on that occasion.

Hon. members are aware that there can be only one debate about a given situation in the course of a session under the provisions of subsection 16(d) of Standing Order 26. Hon. members will ask themselves whether, in a developing and changing situation, the point has been reached where the provisions of the Standing Order should be invoked for the purpose of the adjournment of the House. It may well be that hon. members would find it more practical or useful to have such a debate later on.

Because of the uncertainty of the whole situation, it seems that the interests of the House would be better served if the Chair were not to put the motion today. It might well be that hon. members, either by mutual agreement or under the terms of Standing Order 26, might want to have such a debate later on as the situation clarifies. The hon. member for York South or other hon. members may want later on to invoke the provisions of the Standing Order. If that were done, the House may be assured that the motion will be considered very carefully in light of all the circumstances at the time.

ORAL QUESTION PERIOD

THE CANADIAN ECONOMY

UNEMPLOYMENT GOAL IN LIGHT OF BUDGET FORECAST OF REAL RATE OF GROWTH OF GROSS NATIONAL PRODUCT

Hon. Robert L. Stanfield (Leader of the Opposition): Mr. Speaker, I should like to direct a question to the Minister of Finance arising out of the budget he presented to the House last evening. Presuming the real rate of growth of the gross national product that the minister is forecasting, according to the Economic Council of Canada we are two or three years away from getting unemployment down to a rate of around 4 per cent. I should like to ask the minister whether the government accepts this as a satisfactory goal in view of the minister's priority of fighting unemployment?

Hon. John N. Turner (Minister of Finance): Mr. Speaker, I did not refer to the Economic council report at all last night. I said when I first assumed this portfolio that my goal was a job for every Canadian, and I do not accept any statistical measurement.

Mr. Stanfield: Mr. Speaker, the unemployed exist, whether the minister wants to recognize it or not. I should like to ask the minister whether, in view of the Economic Council's studies and other forecasts made by the University of Toronto forecasting body indicating prolonged unsatisfactory levels of unemployment, which the minister has pledged himself to fight against, he is able to refute these predictions by the Economic Council of Canada by any government forecast relating to unemployment?

Mr. Turner (Ottawa-Carleton): Mr. Speaker, I was as specific as I thought I should be and as frank as I thought I should be to the House last night about forecasts and the state of the art of economic statistics. I have nothing further to add to what I said rather fulsomely, I thought, last night.

Mr. Stanfield: Mr. Speaker, I take it from that that the minister does not dispute the forecasts of the Economic Council of Canada.

Some hon. Members: Question!

Mr. Stanfield: In the minister's budgetary statement he also announced his reversal of policy in accepting the principle of an automatic real cost of living escalator in relation to the basic old age pension. I should like to ask the minister why this principle was not extended to cover the real increase in the cost of living since the principle last applied, rather than adopting simply a token gesture of increasing the basic old age pension by the amount of $2.88 per month?

• (1420)

Mr. Speaker: Order, please. I will not prevent the Minister of Finance from replying to the question, but I hope we do not get involved in the budget debate during the question period. I think this kind of question, which is relevant and important, could be asked by many members and that would take the whole 40 minutes, but I wonder whether that is the intention of hon. members. This having been said, the minister might reply briefly to the question asked by the Leader of the Opposition.

Mr. John Lundrigan (Gander-Twillingate): Mr. Speaker, I should like to ask the Minister of Finance whether he can give us some prognosis of the level of unemployment we can expect throughout 1972 or, perhaps more specifically, when we can expect to achieve that glamorous goal of a job for every Canadian that he announced some time ago?

Mr. Speaker: Order, please. That, too, sounds like debate. The minister appears to be anxious to reply to these questions, but I suggest we should not have the budget debate before we get to it. If the minister wants to reply to these questions it is not my intention to prevent him from doing so, but I do not think we should get involved in a debate during the question period.

PENSION ESCALATION ANNOUNCED IN BUDGET—INQUIRY AS TO SIMILAR ACTION FOR RETIRED PUBLIC SERVANTS

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, my question is supplementary to the one asked a moment ago by the Leader of the Opposition. I should like to direct it to the President of the Treasury Board. In view of the fact that old age and veterans pensions are now to be escalated in accordance with the actual rise in the cost of living, will the President of the Treasury Board be bringing down legislation to provide the same condition in respect of pensions of retired public servants and others who come under federal jurisdiction?

Hon. C. M. Drury (President of the Treasury Board): Mr. Speaker, if the hon. gentleman is asking whether we are bringing down the same legislation the answer is no. He probably is aware of the arrangements under which superannuates' pensions are escalated. Contributions to such pensions are made by the employer, the government, and the present employees and before we can alter the present arrangement it is quite apparent that consultation with the employees' representatives would have to take place.

PENSION ESCALATION ANNOUNCED IN BUDGET—SIMILAR ACTION REGARDING RAILWAY PENSIONS

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, I have a supplementary question in the same area I should like to direct to the Minister of Transport. Now that other pensions are being put on an escalation basis that is related to the actual cost of living, what is the Minister of Transport doing with regard to railway pensions, both Canadian National and Canadian Pacific?

Hon. Donald C. Jamieson (Minister of Transport): Mr. Speaker, on the matter of Canadian National pensions, even before my colleague the Minister of Finance brought down his budget last night I had held discussions with Canadian National. These have been progressing over a matter of several weeks now. The president of Canadian National is at present out of the country but expects to be back on the 15th. I believe he will have some proposals for me at that time.

As for the CPR, as I have indicated on previous occasions I have conveyed to them the representations of the hon. member and others, but from a legal point of view we have no power, of course, to require the Canadian Pacific to do anything.

Mr. Knowles (Winnipeg North Centre): I have a supplementary question, Mr. Speaker.

Mr. Speaker: Order, please. There are three or four members seeking to ask supplementary questions. We must try to make some headway. The Chair will recognize the hon. member for Winnipeg North Centre for one supplementary question, then the hon. member for Gander-Twillingate for a supplementary to his question, and then we will go to the hon. member for Prince Edward-Hastings.

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, if this has to be my last supplementary question in this area today, may I ask the Minister of Transport whether he will again approach the Canadian Pacific in view of the fact that last week excessive profits were announced by that company? Surely these could be used to improve the pensions of those who made these profits possible.

Mr. Speaker: Order, please. That question is in the form of a representation, of course.

INTENTION OF BUDGET WITH RESPECT TO UNEMPLOYMENT LEVEL

Mr. John Lundrigan (Gander-Twillingate): Mr. Speaker, perhaps I might rephrase my earlier question to the Minister of Finance. In view of his undertaking several days ago to indicate some of his expectations in his budget in so far as employment is concerned, will he very briefly indicate to the House whether his budget is aimed at keeping unemployment at the 6 per cent level or can we expect a substantial reduction? I ask this in view of the fact that obviously his budget would have to be based on some knowledge of what his expectations may be.

Mr. Speaker: Order, please. Even as rephrased I suggest the question is not in order. The hon. member for Prince Edward-Hastings.

Mr. Hees: Mr. Speaker, I have a supplementary for the Minister of Finance—

Mr. Speaker: I have to apologize to the hon. member. The hon. member for Gander-Twillingate has a point of order.

Mr. Lundrigan: On a point of order, Mr. Speaker, I am simply asking the minister to give us some indication of what his budget will do in terms of the unemployment level, whether it will bring it down or keep it at the same level. I suggest that this question is very much along the line—

Mr. Speaker: Order, please. The hon. member for Prince Edward-Hastings.

SUGGESTED INTERRUPTION OF BUDGET DEBATE TO IMPLEMENT PENSION CHANGES

Hon. George Hees (Prince Edward-Hastings): Mr. Speaker, I have a question for the Minister of Finance. Will the government give consideration to interrupting the budget debate so that it may immediately introduce legislation dealing with the proposed changes in respect of old age, veterans, blind and disabled pensions outlined last night so that these changes proposed by the government, though inadequate, may be dealt with immediately and not delayed until—

Mr. Speaker: Order, please. The hon. member will appreciate that the question as asked is debate, but perhaps the minister again might be allowed to reply to some of the questions asked in the last few minutes.

Hon. John N. Turner (Minister of Finance): The hon. member surprises me. That is a very good idea.

Some hon. Members: Hear, hear!

Mr. Speaker: The hon. member for York South.

* * *

EXTERNAL AFFAIRS

VIET NAM WAR—PRIOR NOTICE TO CANADA OF PRESIDENT NIXON'S INTENTION—GOVERNMENT POSITION—REQUEST FOR STATEMENT

Mr. David Lewis (York South): Mr. Speaker, I have a question for the Prime Minister. I appreciate that the Secretary of State for External Affairs is not scheduled to be here today, but in view of the serious situation in Southeast Asia I am sure the Prime Minister appreciated that questions might be asked of him. May I ask the Prime Minister whether the Canadian government was informed of the intention of the President of the United States to escalate the war in Viet Nam before he made his statement last night, or was that not the case?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, without agreeing to the use of the word "escalate" by the hon. member, which would lead us into a debate, I am sure he would agree that that can be interpreted in various ways and I do not suppose there is any more reason to talk of an escalation by the President than by North Viet Nam when it sent 12 divisions into the South.

Some hon. Members: Hear, hear!

Mr. Trudeau: On the substance of the question, the answer is that the United States government did inform our embassy very slightly prior to the announcement by the President last night.

Mr. Lewis: I gather from the wording of the Prime Minister's answer, Mr. Speaker, that it is the position of the Canadian government that the announcement of the President of the United States of the intention to mine harbours in North Viet Nam is not a matter which distresses the government or against which the government is intending to protest?

Mr. Trudeau: No, Mr. Speaker. If the hon. member wants to gather that, he is not making the right assumption because I said that if we had any position to take we would consider making it known either through the Secretary of State for External Affairs or myself. What he can gather is that I think it is rather unusual to talk about an escalation by only one side when, I repeat, 12 divisions from the North invaded the South when this action was taken.

Some hon. Members: Hear, hear!

Mr. Lewis: It is always easier, Mr. Speaker, for a minister—

Some hon. Members: Question!

Mr. Lewis: Just hold your horses, if you have brains enough to do it.

[Mr. Turner (Ottawa-Carleton).]

Some hon. Members: Oh, oh!

• (1430)

Mr. Lewis: It is always easier for the Prime Minister to debate in giving an answer than it is for me when I ask a question. I wish to ask the Prime Minister finally whether he can give the House any assurance regarding a statement being made on behalf of the government some time this week before what has now happened in Viet Nam escalates into a world war or brings us to the brink of a world war?

Mr. Trudeau: I can only repeat my earlier answers on the possibility of a statement. I am willing to be helpful and to answer questions if the hon. member wants me to put on record statements which the government has previously made regarding the horrors of this war—

Mr. Lewis: It is a new situation.

Mr. Trudeau: —and the desirability of ending it by negotiation rather than by military force. This has been the position of the government and it is well known. I submit even that it is probably in the interests of the three main powers involved in Viet Nam to terminate this war by negotiation rather than by the horrors of war. I think the President's action does not necessarily contradict this reality.

[*Translation*]

VIET NAM WAR— REPRESENTATIONS TO SOVIET UNION RESPECTING AGGRESSION BY NORTH VIET NAM

Hon. Martial Asselin (Charlevoix): Mr. Speaker, I have a supplementary question for the right hon. Prime Minister.

Can he tell us whether he intends to make representations to the government of the Soviet Union, asking them to urge North Viet Nam to put an end to the communist aggression against South Viet Nam.

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I suspect that President Nixon himself will make such representations to the Soviet government. With regard to the position of the Canadian government, we entertain good relations with the Soviet Union, the United States and the People's Republic of China and, should those countries feel a need for our views, Canada will always be ready to offer advice and, if required, to serve as an intermediary.

[*English*]

VIET NAM WAR—SUGGESTED RECONVENING OF GENEVA CONFERENCE

Mr. Andrew Brewin (Greenwood): Mr. Speaker, my supplementary question is for the Prime Minister. In view of the grave threat to world peace inherent in the situation in Viet Nam, would the government consider seeking to have the Geneva conference reconvened thus leading to a ceasefire and a mutual exchange of prisoners between the two sides?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, as I just said in answer to the hon. member for Charlevoix, the Canadian government's position of being on good relations with the three main powers involved is well known. I do not think that at this stage a suggestion such as that made by the hon. member would be constructive. Indeed, I do not think it would result in anything precise until we know whether the President of the United States will go to the meeting in Moscow, as he is scheduled to do, and what type of exchange will take place there. In other words, it is less than two weeks before that meeting is to take place, and I suggest that if this kind of idea is to be discussed at all it would be better to discuss it at that level than in this House or through any representations of this government.

VIET NAM WAR—SUGGESTED RAISING OF SITUATION IN UNITED NATIONS SECURITY COUNCIL

Mr. Lorne Nystrom (Yorkton-Melville): My supplementary question is for the Prime Minister, Mr. Speaker. In view of the severity of the situation I should like to ask the Prime Minister whether or not he would consider approaching the parties concerned and having them raise the question in the Security Council of the United Nations?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I can only repeat the answer I gave to the hon. member for Charlevoix.

VIET NAM WAR—INSTRUCTIONS TO CANADIAN REPRESENTATIVE ON INTERNATIONAL CONTROL COMMISSION—ASSISTANCE TO CANADIANS

Mr. David MacDonald (Egmont): Mr. Speaker, my supplementary question is with respect to Canada's participation on the International Control Commission. Can the Prime Minister indicate to the House whether the government has instructed our representative to take any particular action in view of the drastically changed circumstances in Viet Nam, and can he indicate the nature of those instructions?

Right Hon. P. E. Trudeau (Prime Minister): I am not aware of any such instructions, but I will gladly refer the question to the Secretary of State for External Affairs.

Mr. MacDonald (Egmont): With regard to other Canadians working in aid projects in Viet Nam and the likelihood that these will be disrupted and perhaps be stopped altogether, can the Prime Minister indicate whether or not CIDA or the Department of External Affairs has been in contact with our people in Viet Nam to obtain an appreciation of their situation and any changes they may have to make?

Mr. Trudeau: If the hon. member is referring to their physical security, I believe arrangements have been made through the British embassy to ensure that any evacuation of Canadian personnel will be looked after with the help of the British embassy in Saigon.

Mr. Speaker: Order, please. We will attempt to return to this subject later. For the moment the Chair will recognize the hon. member for Témiscamingue.

* * *

[*Translation*]

FINANCE

INQUIRY AS TO PAYMENT OF DEFICIT

Mr. Réal Caouette (Témiscamingue): Mr. Speaker, may I direct a question to the Minister of Finance?

It was announced in the budget speech last night that the deficit would amount to one billion dollars, and this deficit of course will require borrowing money to finance it.

Is the minister in a position to indicate if this money will be raised in the United States, if the government will float bond issues in Canada or if it will secure an interest-free loan from the Bank of Canada?

Hon. John N. Turner (Minister of Finance): There will be many procedures to follow, Mr. Speaker.

PAYMENT OF NATIONAL DEBT

Mr. Gilbert Rondeau (Shefford): Mr. Speaker, can the Minister of Finance indicate why it was not specified in the budget speech last night how the government intends to act in order to settle the national debt? Does it propose to forget about it, to pay it up or to let it grow for ever?

Mr. Réal Caouette (Témiscamingue): Mr. Speaker, on a point of order.

It would appear that every time ministers or the Prime Minister are asked questions of a financial nature, it is difficult to obtain an answer. Would it be because ministers are incompetent and do not understand a thing about financial matters? At any rate, we seldom get an answer.

Mr. Speaker: I hope the hon. member for Témiscamingue is not expecting me to answer this question from a procedural viewpoint.

[*English*]

MEASURES TO PROVIDE INCENTIVES FOR INVESTMENT BY CANADIANS IN COUNTRY'S INDUSTRIES AND BUSINESSES

Hon. Marcel Lambert (Edmonton West): My question is for the Minister of Finance, Mr. Speaker. In light of the fact that last week the government disclosed its limited policy with regard to foreign investment in Canada and since there was no mention of that matter in last night's budget, would the minister advise the House whether it is the government's intention to introduce other measures which will afford positive incentives to Canadians to invest in their own industries and businesses in Canada?

Hon. John N. Turner (Minister of Finance): Mr. Speaker, the hon. member is quite familiar with the income tax legislation in this country. He is aware of such incentives as the dividend tax credit, small business incentives, pen-

sion fund investments, the deduction of interest by one company to buy another Canadian corporation, and the incentives under the Canada Development Corporation. I could name a number of other incentives provided to Canadians.

Some hon. Members: Hear, hear!

Mr. Lambert (Edmonton West): Notwithstanding all those points which have existed for a year or more and have had no effect, may I ask the minister whether he has any further positive measures to introduce so we will get a meaningful operation with regard to Canadian investment?

Mr. Turner (Ottawa-Carleton): I think I can say that at this stage Canadians should explore the wealth of incentives that are already available to them to invest in Canadian resources and industries.

Mr. Speaker: Order, please. I hope we will try to make some headway. There are literally dozens of members seeking to ask questions, and we will be running short of time. I hope we can limit supplementary questions so as to give more members the opportunity to ask their questions.

SUGGESTED AMENDMENT OF BUDGET BILLS TO ENCOURAGE INVESTMENT IN CANADIAN EQUITY SECURITIES

Mr. W. B. Nesbitt (Oxford): Mr. Speaker, I have a supplementary question for the Minister of Finance. Is the minister giving consideration to bringing in appropriate amendments to the budget bills when they appear so that it at least will not be disadvantageous for Canadians, as it is at present, to invest their money in Canadian equity securities compared with United States equity securities?

• (1440)

Mr. Speaker: Order, please. This appears to be debate. The right hon. member for Prince Albert.

* * *

TRANSPORT

PROPOSED LINKING OF KOOTENAY AND ELK RAILWAY TO U.S. LINE—REQUEST FOR ACTION SO THAT CANADIANS WILL NOT LOSE JOBS

Right Hon. J. G. Diefenbaker (Prince Albert): Mr. Speaker, I direct my question to the Minister of Transport. It has to do with the judgment of the Supreme Court of Canada in the case of the Kootenay and Elk Railway Company and Burlington Northern, Incorporated versus the CPR et al, which reversed the Canadian Transport Commission's decision. Mr. Justice Emmett Hall wrote a dissenting judgment. Nevertheless, there is no question that his summary of what took place is the correct one, namely:

> The whole scheme would appear ... to be the classic case of a foreign conglomerate in concert with related Canadian companies so manipulating the enterprise that the export of Canadian jobs would be the result.

[Mr. Turner (Ottawa-Carleton).]

In view of that fact, which is borne out by the evidence and as the number of jobs for Canadians involved is very large with two million tons of coal a year going to be exported to Japan, in order to assure that these jobs shall not be exported would the minister bring in a measure to assure that this shall not be the consequence of that judgment?

Hon. Donald C. Jamieson (Minister of Transport): Mr. Speaker, I answered this question in part just a few days ago. As to the objective of ensuring that as many jobs as possible are retained for Canadians, and the appropriate legislative route to do that, I am looking into that issue separate from the Supreme Court Judgment because, as I understand it, further actions will probably be taken in the courts or before the Commission on that particular application. As to the basic question of protecting the jobs of Canadians in this way, I repeat that I am looking into it to see how it can be done.

Mr. Diefenbaker: Mr. Speaker, now that the matter has been under consideration for at least ten days, is the government now in a position to bring before the House very simple legislation to cover the decision of the Transport Commission and make it binding regardless of what the Supreme Court of Canada decided in reversing the decision of the Transport Commission?

Mr. Jamieson: Mr. Speaker, without wishing in the least to become argumentative with the right hon. member, I think he would agree that justice should take its course in terms of the various appeals and the like that are possible on this matter without our anticipating decisions of either the commission or the court.

Mr. Diefenbaker: There is no appeal.

PROPOSED LINKING OF KOOTENAY AND ELK RAILWAY TO U.S. LINE—ASSESSMENTS OF SUPREME COURT DECISION

Mr. Douglas Stewart (Okanagan-Kootenay): Mr. Speaker, I wish to direct a supplementary question to the Minister of Transport. On May 2 the minister indicated to the House that he had two conflicting assessments of what was meant by the recent Supreme Court of Canada decision affecting the Kootenay and Elk Railway. May I now ask the minister what these two different assessments were and whether or not at this point the conflict still exists?

Hon. Donald C. Jamieson (Minister of Transport): Mr. Speaker, I do not have that information in complete detail. I will try to answer the hon. member tomorrow and also to send him, or any other member interested, a written summary of the sequence of events.

INDUSTRY

MICHELIN TIRE COMPANY—POSSIBLE EXEMPTION FROM CUSTOMS DUTIES FOR CERTAIN IMPORTS—EXTENSION TO OTHER COMPANIES

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, I have a question for the Minister of Finance arising out of one I put to the Minister of Industry, Trade and Commerce last Friday and one that the hon. member for Regina East put to the Minister of Finance yesterday concerning the duty free remission rights that were being granted to the Michelin Tire Company in Nova Scotia. Yesterday the minister said on the one hand that the government had not authorized any duty free entry of certain types or certain sizes of tires for the Michelin Company and then he went on to say that the decision had not yet been reached as to when such a remission would come into effect. Would the minister clarify this? Is it a matter of time for the remission to be implemented, or the right to import duty free to be implemented, or has the government decided not to make such a concession to the Michelin Tire Company?

Hon. John N. Turner (Minister of Finance): I would interpret it primarily as a matter of time, Mr. Speaker.

Mr. Broadbent: If it is a matter of time, can the minister inform the House whether other tire companies in Canada located in Ontario and Quebec are going to be granted the same right to import tires produced in other countries duty free?

Mr.Turner (Ottawa-Carleton): I cannot answer that question at this time, Mr. Speaker.

* * *

FINANCE

ALLEGED LACK OF BUDGETARY PROVISION FOR ANTICIPATED SHORTFALL IN UNEMPLOYMENT INSURANCE FUND

Hon. Paul Hellyer (Trinity): Mr. Speaker, I should like to direct a question to the Minister of Finance. Could the minister explain to the House why no budgetary provision was made for the anticipated shortfall in the unemployment insurance fund due to the excessive unemployment when it will be necessary for the government to make up that shortfall from the consolidated revenue fund?

Hon. John N. Turner (Minister of Finance): Mr. Speaker, even on the basis of the premise of the hon. gentleman's question there are sufficient funds.

Mr. Hellyer: Is it not a fact that due to unemployment the shortfall above the statutory limit will be as high as perhaps $500 million and that this amount will have to be met out of the consolidated revenue fund during the coming year?

Mr. Speaker: Order. It seems to me that this again is debate. This is the kind of consideration that hon. members will want to take into account during the debate on the budget.

[*Translation*]

MANPOWER

LOCAL INITIATIVES PROGRAM—GRANTS PAID TO DAY-CARE CENTRES—DISCUSSIONS WITH QUEBEC

Mr. Gérard Laprise (Abitibi): Mr. Speaker, I would like to ask a question of the hon. Minister of Manpower and Immigration.

Since the government is indirectly subsidizing day-care centres through LIP, especially in the province of Quebec, would the minister tell the House whether there has been discussions between himself and Quebec minister Castonguay on this subject?

[*English*]

Hon. Bryce Mackasey (Minister of Manpower and Immigration): Mr. Speaker, the question of permanent day-care centres would fall partly under provincial jurisdiction, and the type of continuous dialogue the hon. member has suggested would take place between the Minister of National Health and Welfare and his counterparts in the various provinces.

LOCAL INITIATIVES PROGRAM—POSSIBILITY OF MAKING DAY-CARE CENTRES PERMANENT

Mrs. Grace MacInnis (Vancouver-Kingsway): As a supplementary question, Mr. Speaker, may I ask the minister to explain what he meant when he said he would try to find ways of making the day-care centres under the Local Initiatives Program permanent? What is his program for doing that?

Hon. Bryce Mackasey (Minister of Manpower and Immigration): Mr. Speaker, we intend to retain the criteria that were established when the Local Initiatives Program first came into being some months ago for those projects that involve day-care centres. This means that ongoing programs as of the first of June would include those day-care centres that can bear the scrutiny and examination we are now giving them.

Mr. Speaker: Order, please. At this point I have to appeal to hon. members. We have just about ten minutes remaining before the end of the question period. A number of hon. members are seeking an opportunity to ask questions. I will make an effort to see as many of them as possible, but for this purpose the Chair will need the co-operation of hon. members in limiting their supplementaries.

Mrs. MacInnis: According to what the minister has just said, is he planning to make the day-care centres permanent for only four more months, which I understand is the duration of the Local Initiatives Program?

Mr. Mackasey: Mr. Speaker, I wonder whether the hon. lady is suggesting that because it is impossible for me to extend them beyond the four months without the consent of all the provinces we should not extend them at all?

Mr. Speaker: Order, please. This is debate.

Inquiries of the Ministry

Mrs. MacInnis: I rise on a question of privilege, Mr. Speaker. I do not want the minister to get me wrong in any way. He knows I am interested in finding out what his program is to make day-care centres permanent. Again I ask him, does he intend to provide funding for day-care centres beyond the next four months of the Local Initiatives Program?

Mr. Mackasey: Mr. Speaker, the hon. lady has devoted more time than anyone I know, and I say this sincerely, to getting such a program implemented, and she ought to know that when such a program becomes a permanent feature of Canadian life the announcement will be made by the Minister of National Health and Welfare.

* * *

POST OFFICE

CONTRACT NEGOTIATIONS WITH UNIONS—PRESENTATION OF FORMAL OFFER BY GOVERNMENT

Hon. W. G. Dinsdale (Brandon-Souris): Mr. Speaker, I have a question for the President of the Treasury Board. Can he inform the House whether the government has yet made a formal offer on wages and job security in the talks with the postal unions?

Hon. C. M. Drury (President of the Treasury Board): Mr. Speaker, I think the Postmaster General addressed himself to this question last week. I would repeat again that it is at the express request of the Council of Postal Unions that the detailed progress of the negotiations has not been published.

Mr. Dinsdale: Is the government going to ask the Minister of Labour to offer his special mediators to help prepare a new contract with the postal unions before the situation deteriorates into an impasse?

• (1450)

Mr. Drury: Mr. Speaker, all services of which we can avail ourselves will be used to prevent an impasse occurring.

* * *

PUBLIC SERVICE

EXAMINATION OF COMMITTEE RECOMMENDATIONS CONCERNING RIGHT OF EMPLOYEES TO PARTICIPATE IN POLITICS

Mr. John M. Reid (Kenora-Rainy River): Mr. Speaker, my question is also directed to the President of the Treasury Board. Is the minister examining the recommendations of the first report of the Standing Committee on Broadcasting, Films and Assistance to the Arts on the Ann Booth case concerning the rights of civil servants to participate in political affairs?

Hon. C. M. Drury (President of the Treasury Board): Mr. Speaker, this is a rather difficult question and I have instructed the Treasury Board staff to make a review of what is done in this respect in other jurisdictions to see what can be done to clarify the situation.

* * *

FISHERIES

ATLANTIC SALMON—SUGGESTED BOYCOTT OF DANISH GOODS

Mr. Heath Macquarrie (Hillsborough): Mr. Speaker, may I direct my question to the Minister of Fisheries. Can he advise whether he has yet had time to evaluate the efficacy of his call for a domestic boycott of Danish goods? Also is he in a position to indicate the response of the Danish government to this retaliatory move?

Hon. Jack Davis (Minister of Fisheries): Mr. Speaker, I do not have any comment.

* * *

FINANCE

INQUIRY AS TO PROGRAMS TO IMPROVE PRODUCTIVITY AND INCREASE INCOMES OF FISHERMEN

Mr. Lloyd R. Crouse (South Shore): Mr. Speaker, I wish to direct my question to the Minister of Finance. Since neither the announced fast write-off of two years on machinery and equipment nor the reduction to 40 per cent in the top rate of corporate tax on manufacturing and processing income applies directly to our fishermen, would the minister indicate what new programs he plans to implement to improve productivity and to raise the incomes of our fishermen, as stated in his budget speech?

Mr. Speaker: Order, please. I think that such a general statement ought to be made on motions. If the minister wants to indicate whether he plans to make this kind of statement on motions, the question will be allowed on that basis.

Mr. Crouse: Mr. Speaker, would the minister make a statement on motions clarifying his position on this matter?

Hon. John N. Turner (Minister of Finance): Mr. Speaker, I made a speech last night, but I will be glad to see what I can do to clarify the situation for the hon. member.

* * *

TAXATION

INQUIRY AS TO MEASURES TO ASSIST AGRICULTURE

Mr. J. H. Horner (Crowfoot): Mr. Speaker, may I direct my question to the Minister of Finance. Can he tell the House and the country, as he has a group studying taxation as it applies to agriculture, that this group is not sterile of ideas and that he will be coming forward with a budgetary statement soon which will be of benefit to the agricultural industry?

Hon. John N. Turner (Minister of Finance): Mr. Speaker, the committee under the chairmanship of my friend, the Minister of State from Calgary, is as fertile in ideas as is the hon. member.

Mr. Horner: The budget would not appear to be so fertile in ideas.

Some hon. Members: Oh, oh!

Mr. Horner: What does the government have against the farmer?

Some hon. Members: Oh, oh!

CONCESSIONS TO CORPORATIONS IN BUDGET INTENDED TO CREATE JOBS—MONITORING AGENCY TO CHECK HOW ADDED INCOME IS USED

Mr. David Lewis (York South): Mr. Speaker, I always seem to rise when there is commotion. May I ask the Minister of Finance a question arising out of the tax concessions to corporations which he announced last night and which he said he intended should be used for the creation of jobs. Does the minister intend to set up any kind of monitoring agency in order to watch over the way in which the added income from these concessions is used by companies, to see whether the income will actually be used to create jobs or whether it will merely be an addition to company profits? Is he setting up any machinery to monitor that very important situation?

Hon. John N. Turner (Minister of Finance): Mr. Speaker, I think the confidence I have placed in the manufacturing industries will be borne out to the satisfaction of both the hon. member and myself. We will monitor this together, and I think we are capable of doing it.

Mr. Lewis: In view of what the minister said, would he tell the House whether actual corporate profits, which have risen substantially in the first quarter of this year in some cases, MacMillan Bloedel by 550 per cent, and Imperial Oil by 35 per cent—

Mr. Speaker: Order, please. The hon. member has the floor for the purpose of asking a question. It seems to me we are anticipating the budget debate, and many hon. members are seeking an opportunity to ask questions.

Mr. Lewis: Mr. Speaker, I appreciate that and the list is rather lengthy. May I therefore ask the minister whether he is going to watch particularly these corporations with these large profits since the increase in profits in the case of many of these corporations was accompanied by an actual reduction in the work force and in some cases by the shutting of plants, that being the historical experience—

Mr. Speaker: Order, please. We have just about reached the end of the question period. I suggest to hon. members that questions taking two or three minutes are perhaps a little too long. I suggest that very respectfully. The minister might attempt to reply briefly.

Mr. Turner (Ottawa-Carleton): Mr. Speaker, I think the hon. gentleman can make these points, if he wants to make them, when he responds to the budget address. I will certainly arrange for a gentleman from our side to reply with the facts.

Mr. Lewis: That is what we want—facts.

* * *

OIL

PROPOSED MACKENZIE VALLEY PIPELINE—POSSIBILITY OF EARLIER APPLICATIONS FOR CONSTRUCTION FROM TRANSMISSION COMPANIES

Mr. R. N. Thompson (Red Deer): Mr. Speaker, my question is directed to the Minister of Energy, Mines and Resources. In view of the statement by the Prime Minister in Edmonton ten days ago that the cost of the proposed Arctic highway would be recovered through levies upon oil companies operating in the Arctic, is the minister reconsidering his statement to the House of April 25 in such a way that the government would call for submissions or applications from pipeline transmission companies for the construction of a Mackenzie Valley pipeline? I mention this with a certain sense of urgency because there is—

Mr. Speaker: Order, please. The hon. member has asked his question.

Hon. Donald S. Macdonald (Minister of Energy, Mines and Resources): Mr. Speaker, I am advised that the Prime Minister did not say that and I have not changed the policy statement I indicated earlier.

Mr. Speaker: Is the hon. member for Cape Breton-East Richmond rising on a supplementary?

* * *

GOVERNMENT ADMINISTRATION

RECENT APPOINTMENT OF SCOTSMAN TO JOB IN CAPE BRETON—SUGGESTED REPLACEMENT BY CANADIAN

Mr. Donald MacInnis (Cape Breton-East Richmond): Mr. Speaker, it is not actually a supplementary; it is a bootlegged supplementary but it does deal with applications. May I ask the minister if he has had an opportunity to examine the practice followed by AECL in dealing with applications for jobs in Cape Breton?

Hon. Donald S. Macdonald (Minister of Energy, Mines and Resources): Mr. Speaker, yes, I have. I understand that AECL approached two Cape Bretoners with respect to filling the position, but they turned AECL down; other public relations and media people were approached without success; that, because of the urgency involved in filling the position it was decided to go ahead and hire this particular young man who had shown knowledge of the industry and particular ability. So the situation had been canvassed in Cape Breton before he was hired. When these approaches were not accepted it was decided to go ahead with the hiring of this young man.

Mr. MacInnis: On a question of privilege, Mr. Speaker, apparently the minister has been misinformed by the authorities. I have a letter in my possession which outlines quite clearly that this man has not been on the job long enough for his qualifications to be assessed. Without question, he was taken on without experience. This leads to another question which the Minister of Citizenship and Immigration should probably deal with. How can they bring a man in from Scotland without giving him some kind of status under the immigration laws? It is all a pack of lies.

Mr. Speaker: Order, please. I regret to advise hon. members that we have reached the end of the question period. I wish to remind hon. members that we should from day to day make every effort, by mutual consent and agreement, to limit the number of supplementaries asked. I know that in theory we might spend the whole question period on the same subject. Many of these matters are very important and would justify our spending a full question period on them. However, when questions are two or three minutes long, as some are, hon. members are deprived of opportunities to ask questions. If hon. members will examine the questions the next day as they appear in *Hansard*, they will see that many look more like speeches than questions. This applies also to replies made by ministers, which I feel are often too long. This, I suggest, deprives hon. members of an opportunity to ask questions which are important.

I have noted a number of hon. members in the third, fourth and fifth rows who have not had an opportunity to ask their questions. I will honestly try to make every effort tomorrow to give them an opportunity to ask their questions, and I apologize to them for not being able to reach them despite my best efforts. Orders of the day.

GOVERNMENT ORDERS

FARM CREDIT ACT

AMENDMENTS RESPECTING LOANS AND POWERS AND CAPITAL OF CORPORATION

The House resumed, from Monday, May 8, consideration of the motion of Mr. Olson that Bill C-5, to amend the Farm Credit Act, be read the second time and referred to the Standing Committee on Agriculture and the amendment of Mr. Korchinski (p. 1872) and the amendment to the amendment (Mr. Knight) (p. 1903).

Mr. John Burton (Regina East): Mr. Speaker, just before debate on this bill adjourned last night, I had been discussing the role of farm credit within the framework of a comprehensive farm program. The point I was trying to make was that, in the thinking of some farm groups during the past years, too much emphasis has been placed on the value of a farm credit program by itself. This does not mean that we underrate the fundamental importance of an adequate farm credit program. However, I think the farm credit program is only one part of the equation necessary to produce an effective, over-all farm program.

[Mr. Macdonald (Rosedale).]

If we are to have a farm credit program that will fulfil the desired objectives, it is necessary that it be complemented by an adequate farm income program, an adequate pricing program, some measures to control the cost of goods that farmers must buy and ensure that adequate services are available to them to carry on their business. It is very important to keep these points in mind. This leaves aside for a moment the question of the merits of the measure before us and simply attempts to deal with the problem of farm credit within the context of a comprehensive farm program. It is necessary to view it in this sort of context if we are to come forward with an adequate program.

• (1500)

In dealing with the subject of farm credit and the structure of the farm industry in general, in recent years there have been too many instances of tribute being paid to the concept of the absolute necessity for increasing the size of the farm unit if farm problems are to be solved. In fact, there is some basis in economics for this sort of contention. In many respects, it is obvious that larger size farm units contribute to a more efficient operation. However, in recent years we have seen that an increase in size does not result in a better farm operation or the solution of the problems facing agriculture. When we referred to size in the past, the primary consideration was the size of the land holding or the physical size of the unit. We have to keep in mind that in agriculture today it is not necessarily related to the size of land holdings. In fact, size can be more closely related to intensive features of farm operations. Investment in the development of productive facilities on a very small land holding may be more productive in some cases and more important than the land holdings involved in a farm unit.

I took careful note of the comments made yesterday by the hon. member for Essex (Mr. Whelan). He referred to the role of economists, his appraisal of economists and the poor service they have rendered to farmers in many instances in the past. I believe I correctly noted the context of the hon. member's remarks. I have to say a word about this because I have some credentials in this field. I hope the hon. member will listen closely because he might learn something. It is society that has assigned to the economist a role which does not properly belong to him. In many cases society has set up the economist as the final repository of wisdom in dealing with a complex of factors which involve a combination of social and economic considerations. The role of the economist is a particular one. If he is called upon to pass judgment within the framework of many considerations that should be clearly understood. The economist has his role to play just as the engineer and other professionals have their role to play. An engineer may respond to a request that the steam pressure on a boiler be doubled. He may say that is nonsense and, if you do that, the boiler will blow up. That is the engineering consequences of such a proposal or decision.

Similarly, the economist can quite validly point out the economic consequences of a certain course of action. However, all too often economists have been called upon to make social and value judgments which are not within the purview of the professional competence or skill of the economist as such. They may lie within his field of inter-

est. He may have other skills in other fields of social science which may contribute to making a good decision, but they are not necessarily a part of the body of knowledge associated with that involved in calling upon the services of a professional economist. When comments of this nature are made, I hope it will be kept in mind that all too often it is society which has assigned to the economist a role which does not properly belong to him. I certainly acknowledge there are many economists who would be only too happy to accept the glory that goes with the role assigned to them by others and, in some cases, without validity.

When we take note of the role that farm credit plays in the rural community, it is important that we keep in mind what happens to many small farm communities throughout Canada which are presently facing a very serious situation. When touring various parts of Canada in recent years, I became very disturbed about some of the trends I saw. I not only witnessed the deterioration of some smaller communities which provided valuable service to the farm industry and people engaged in farming, but I witnessed the haphazard disintegration of some of these communities, involving both the farming sector and the small urban sector. This is very disturbing. It is not taking place as a result of rational planning or rational decisions made within whatever available framework we establish. It is happening by some sort of process which is very difficult to visualize and very difficult to tackle. It is happening in the absence of any sort of planning framework for our rural communities. This is of very great concern to many of us.

It is inevitable that there is going to be a process of rationalization take place in many of our rural communities. There will certainly be changes in transportation, communities, economics and other factors involved in carrying on business and providing services. This carries with it consequences for farmers and smaller communities. However, the changes are taking place without any thought being given to developing an alternative structure and a new framework whereby we can ensure an adequate level of service to the farm community.

Unless we ensure that adequate services are available to farmers, it will be much more difficult for farmers to develop a viable, efficient and economic farm enterprise in the long run. It is important that we keep this in mind as we consider this bill and other elements of government programs. Both federal and provincial governments must play a leading role in ensuring that the rural community survives in Canada and that the rural community is healthy, vigorous and making a viable and important contribution to the overall Canadian economy. If we do not have a healthy rural economy and rural society, it will be very dangerous for Canada from a social or economic point of view.

• (1510)

Rural Canada has played and continues to play a vital role in the Canadian economy. Whenever we have witnessed a turn-down in the economy, it has been largely due to difficult conditions in the rural sector. Everyone in Canada should keep this in mind. I see in many parts of the country the destruction of rural society. Rural Canada is in the process of being destroyed in the absence of effective policies to ensure that those who compose it enjoy standards of living and income commensurate with those provided in other sectors of the national life. No planning framework is being developed to ensure the continuance of a healthy and vigorous role in society. It would be dangerous to allow the present process of deterioration to continue. Any government which permitted this to happen would deserve a black mark against it, yet very little has been forthcoming under the leadership of hon. gentlemen opposite to ensure the maintenance of a vigorous rural society.

One element of a possible policy would be to ensure that young people are able to enter farming or remain in the smaller communities which serve the agriculture industry. A great deal of attention has been paid to this subject in various quarters. Lip service has been paid to the principle and token gestures have been made, but what has been done up to the present has been ineffective, proof of which lies in the continuing and increasing exodus of young people from rural communities. At present, rural communities are made up for the most part of old people on the point of retirement. Those who wish to take up farming, those who wish to stay in smaller communities, find it impossible to do so bearing in mind the amount of capital investment necessary to establish themselves in business. In most cases they move to the larger urban centres where they can often get jobs without a comparable effort in investment and labour.

Many farmers find themselves locked in, spending a lifetime paying off their land debts. Hon. members are familiar with the saying that many a farmer has lived poor and died rich. This is often the case; the only way in which the farmer has been able to build up a viable enterprise has been by incurring debts and then depriving himself and his family of many of the things which ought to have been theirs if they had been able to enjoy a standard of living comparable with that of others in our society. In some cases, when the time comes to retire, their position is not a bad one if they have managed to survive over the years, but it was only made possible as a result of a lifetime of hardship. This is a factor which contributes to a great deal of the poverty which is now evident in Canada and which is proving such a millstone around the neck of our society. Unless we deal with it we shall never be in a position to abolish poverty in Canada.

I am concerned about the whole question of interest rates as they affect rural communities. We debated this subject a few years ago when the government decided, as a matter of policy, that it would raise interest rates above the 5 per cent level which had been placed in legislation in previous years, and adopt a rate based on a formula linked directly to the current bank rate. This, as the hon. member for Essex (Mr. Whelan) pointed out, involves giving priority to strictly economic considerations. I say it is wrong to act on a basis of economic considerations alone when dealing with these matters. In such situations it is necessary to make social judgments and social values should take priority. I believe we should throw out the provision leading to the higher interest rates which have been in force during the past few years; unless we do so the agriculture industry will continue to be locked in the situation which it has known for far too long.

The minister made a case for not changing the interest rate structure in connection with the operations of the Farm Credit Corporation. He was bragging about the way in which interest rates had declined from 8¾ per cent to 7 per cent in the last few months. Big deal, is all I can say. He says that if interest rates were kept below the going market rate the result would be an upward pressure on land prices, a situation which would bring no net benefit to farmers. There is some truth in what the minister says in this regard when one considers the corporation as, largely, a land buying agency. But it seems to me we should look at the situation from an entirely new point of view. An effort should be made to ensure that farmers are able to obtain lower interest rates than in recent years and that this be arranged in such a way as to make an effective contribution to the carrying on of good farming.

As to the bill before us, I am not sure what good it will do. It certainly does not display the type of imagination, the type of initiative which is needed if we are to find a way out of the present agricultural crisis. I hope the government will take a fresh look at the entire question in an effort to reach a solution different from that which we have seen up to the present time.

• (1520)

[*Translation*]

Mr. Réal Caouette (Témiscamingue): Mr. Speaker, I listened carefully to the previous speaker's remarks about Bill C-5, entitled "An Act to amend the Farm Credit Act", and designed to assist farmers, which enables the Corporation to grant loans up to $100,000.

Mr. Speaker, during the last two weeks, I happened to visit some strictly rural communities and regions in western Canada, particularly in Alberta, SAskatchewan and Manitoba. Now, I do not think that Bill C-5 will be of any assistance to them. Actually, many western farmers are at grips with terrible financial problems; they cannot even pay, at this stage, the interest on loans obtained 10 years and sometimes 15 years ago; some farmers are now urging this government to take steps, and resort to the legislation called the "moratorium", to prevent the seizure of their lands. Being unable tp pay the interests, they certainly cannot think of writing off their capital.

Here is what is said in an explanatory note of the bill, about clause 16:

—This amendment would provide that loans may be made under the Act only to individuals who are Canadian citizens or landed immigrants. It would also provide that loans may be made to farming corporations only if they are controlled by shareholders who are Canadian citizens or landed immigrants and to cooperative farm associations only if their members are Canadian citizens or landed immigrants.

Mr. Speaker, the problem facing western Canada is not so much the repayment of loans, but rather the sale of a production that has been piling up for quite a few years. I saw over there grain producers who were still stuck with their crop of four or five years ago. Now, at that time, they were forced to borrow on their inventories in order to have some liquid assets that would enable them to keep on tossing about in this system that I would term a criminal one for farmers.

[Mr. Burton.]

Mr. Speaker, as I said earlier, presently, farmers cannot even pay the interest on their loans. At Medicine Hat, in northern Alberta, in the centre of the province, as well as in the areas surrounding Regina, Gravelbourg or Humboldt, they are deep into debt, at inconceivable interest rates. How can farmers be expected to pay an interest of 7, 8 or 9 per cent on loans, when they cannot even sell their products? It is not the government which pays the interest, it is the farmer. And today, several among them are scared to death of losing their farms.

Furthermore, young farmers are not at all interested in taking over from their parents on the farms. These young western farmers are rushing to the cities in order to find employment, whereas if an adequate agricultural system enabled them to earn a living, they would be eager to take over.

And the same problem arises in the East, as my colleague for Richmond (Mr. Beaudoin) was saying.

Mr. Speaker, in order to expand, farmers have to borrow money, but these loans should not be granted at excessive interest rates, as they are now. Let farm loans be granted at rates of 2½ or 3 per cent at the most, and then, I think that farmers' sons will be interested in carrying on the work started by their parents and will be more concerned with farming. This is merely a suggestion.

One of my hon. friends has said in this House that when it comes to grants, there is a tendency to favour large industries. More grants should be made to agriculture which, to me, forms the basis of the whole economic structure of Canada as well as of any other country. And I notice that the sector of Canadian society which we protect and help the least, although it has to put up with the greatest number of working hours weekly, monthly and yearly, is the agricultural sector. It is the farmers and the sons of farmers who have to work continuously. Quite often some of these people toil from 4.30 or 5 in the morning till 9 or 10 at night. Moreover, some farmers nowadays do not even earn 10 cents an hour even in eastern Canada or in Quebec.

They do not enjoy the right to strike and everybody knows, for instance, that cows do not go on strike Sunday morning or evening. The farmer is therefore compelled to work, to milk his cows in order to deliver his milk on the market the follwing Monday morning and continue to earn an income.

However, we do not take into account the situation of farmers. People often laugh at them or blame them by saying, for instance, as the Right Hon. Prime Minister (Mr. Trudeau) did a year and a half or two ago when he spoke thus to western wheat producers: "So you have wheat for sale? Get out then and sell it!" That was, then, the agricultural policy of the Prime Minister.

Mr. Speaker, we are not here to give that kind of answers. When a government sets up a table, progressive and acceptable agricultural policy, farmers feel at ease and at home. But today, they do not feel at home, but at the finance companies the whole year round and they are being exploited to the point where their lands can be lost or seized as presently happens in western Canada and often in eastern Canada.

Mr. Speaker, it is stipulated here that a farmer can borrow as much as $100,000 provided he proves that he needs that amount. But if he borrows $100,000, he will have to pay 7, 8 or 9 per cent interest. I say 7 per cent, but that is seldom the case. It is always a bit more because of administration costs. A bit more than 7 per cent is always charged.

An hon. Member: Seven and three-quarters!

Mr. Caouette: And soon it will be 8¼ per cent.

How can a farmer expect to pay 7, 8, 8¼ or 8½ per cent interest when that does not even represent his profits on his farming operation?

• (1530)

As I said earlier, some Saskatchewan farmers still have the wheat they produced four years ago—yes, four years ago—and the government says that we are selling wheat to China, Russia and advises the farmers to go and sell their wheat.

If, instead of travelling throughout the world to see how things are going in other countries, the Minister of Industry, Trade and Commerce (Mr. Pepin) or the Minister in charge of the Canadian Wheat Board (Mr. Lang) were truly looking for clients surely they would find several countries which need Canadian wheat.

A few weeks ago, I was in Cameroun with other members of a Canadian parliamentary delegation at the Yaoundé interparliamentary convention and noticed rather skinny young Negroes who surely were prepared to buy Canadian wheat.

Other countries, for instance India, need wheat. I am convinced that if we had the required machinery our ministers could sell our surplus wheat and help our farmers who cannot sell their crops.

Bill C-5 authorizes the corporation to grant additional loans. If someone already owes $15,000, $25,000 or $30,000 he will be granted a new loan so as to sink even deeper into debt and this new loan will include the amount already outstanding. Perhaps the former loan was granted at a rate of 4, 4½ or 5 per cent but under the new act the farmer will be able to borrow to pay his arrears at a rate of 7, 7½, 8 or 8½ per cent.

Mr. Speaker, hon. members or the people may think that this bill will assist the farmer. It is not going to help him, but to hurt him further. This reminds me of a certain finance company—this government is the agent of finance companies—when it advertises on the radio or television: If you owe money to the Household Finance Company, to the Beneficial Finance Company, to the Niagara Finance Company and to the Western Finance Company, "bundle up" all your bills and come to the Avco Finance Company, which will grant you a loan covering all your debts and you will have only one payment to make. The guy hurries up, "bundles up" all his debts—amounting to $2,000 or $3,000—and to have only one payment to make, he goes to the new Avco Finance Company—that which advertises every week on television—to raise a loan in order to pay off all the other companies. Once he gets out of this finance company's office, instead of owing $2,100, he owes $2,700. He will then owe $600 more but will have one payment to make instead of four or five. He will be told: Old chap, we got you out of the hole. But in fact they got him deeper in it and this is exactly what is being done with farmers under Bill C-5. They are urged to incur additional debts so they will be able to go into farming.

Mr. Speaker, within five or ten years a great many farmers will have lost their lands. Some rich western farmers—in Gravelbourg, Ponteix, Humboldt or Prince Albert, it matters little, I went there—were owners of their farm and operating it. Today, after 15 or 20 years of hard work, those people no longer own their farms. They live in the fear of their farms being seized because of interest past due, and the government maintains that system.

Canadian agriculture is being put to death. And I repeat that agriculture is still the cornerstone of the whole Canadian economic structure, even though some may laugh.

If it were not for the farmers, some people with bowler hats and dressy suits in the Montreal offices would dry up in no time. The farmer is needed, but few understand that. It is said that farmers work hard. They get up at five in the morning to milk their cows, while others get up at ten o'clock to "milk" the farmers, especially the financiers.

I see my Liberal friends smiling: they know what I mean.

An hon. Member: The ten o'clock boys!

Mr. Caouette: The ten o'clock boys!

Mr. Speaker, I do not intend to say more on Bill C-5, but I want to put on the record the opinion of the group that I represent in this House, namely, Social Credit party members. I am sure that in all rural constituencies throughout Canada, farmers expect improvements rather than bills that hurt them further with debts at ever increasing interest rates.

I suggest that the government introduce a stable overall agricultural policy for the whole of Canada instead of a policy which is liable to sow discord between farmers of Western and Eastern Canada. Western farmers say, We have not enough because the government gives too much to the East. And in the East, farmers say, We do not get enough because the government gives too much to the West. And yet, there are enough resources in Canada for the whole population.

The problem that arises in Canada today is not one of production, but rather of distribution of consumer goods. There is the real problem: And unless we grapple with it, it will remain unchanged, even with budgets such as the one that was brought down last night.

We give incentives to manufacturers and say to them: "Produce more," even though we cannot sell what we produce now. We say to the farmers: "Produce more, buy combines, new trucks, tractors, farm machinery and produce." But we can't even consume what is being produced, simply because the consumers have no purchasing power.

Mr. Speaker, we have too much wheat in the Western provinces, too much milk in Quebec, too much corn in Ontario, too many mines, too many forest products in British Columbia, too much fish in the Maritime prov-

inces, in short we have too much of everything. Have you ever heard that a worm dies in an apple because the apple is too big? It is exactly the point we have reached right now.

Within the next few weeks, when 600,000, 700,000 or 800,000 unemployed students will be asking for integration into our society and a summer job, there will be nothing we can do for them. Because we have too much of everything, are we going to let people live in misery? Mr. Speaker, this is not the solution. It is our barbarian financial system which aggravates the problem through class struggles.

Therefore, we say: Let's give through the Bank of Canada. For some people on the government side this seems to be a laughing matter. Nevertheless, the Bank of Canada should be instrumental in giving to the people of Canada the purchasing power which will enable them to buy the products existing in Canada. We shall then be witnessing unity in Canada and mutual respect among the provinces. The people will be satisfied because the government shows results which they expect through its administration.

• (1540)

Mr. Marcel Roy (Laval): Mr. Speaker, I listened with keen interest to the hon. member for Témiscamingue (Mr. Caouette) speaking in the characteristic breezy manner which he always uses to take us, with his acknowledged eloquence, on a tour of farming from East to West. Unfortunately, he is speaking of farming as it existed in the Ford car era of 1929, of non-profitable farming at the subsistence level.

What surprises me more is the hon. member's claims, referring to certain regions of Canada, that federal government policies are always beneficial to the Western provinces and that no heed is given to a policy seeking to assist Eastern producers. It would however seem that there has been preaching going on recently in some areas of the country, with no consideration given to the fact that the media can inform us of a speech made in one region of the country and another elsewhere by the same speaker, who did not expound the same philosophy throughout Canada.

However I should not like to restrict myself to what I consider to be a very negative approach, preferring a positive approach to Bill C-5 entitled "An Act to Amend the Farm Credit Act."

A study of the whole scope and philosophy of the bill reveals that the government is seeking to place farming in the proper modern context. The general purpose of the amendments is to increase the ability of the Farm Credit Corporation to meet the requirements of producers who seek long term credit, and to give them an opportunity to live decently on their land. In my view, those are both very worthwhile objectives, comparing the amounts of loans now available to those obtained formerly when the ceiling was $40,000 under Part II and $50,000 under Part III. These ceilings were set in 1964.

For corporate farmers, the ceiling was $80,000 for two joint owners and $100,000 for more than two, under Part II, and $100,000 for a syndicate, for instance, under Part III.

[Mr. Caouette.]

I went recently in an area of vegetable production, around Sainte-Clothilde, and I see here my colleague, the hon. member for Saint-Jean (Mr. Smith) who was telling me about it at noon today. These vegetable farmers want this act to be passed as soon as possible, so that they can build cold stores into which they could preserve their vegetables and put them on the market at a time when there would not be a surplus, thus getting better prices for their products.

In my mind, this act tends to favour farmers who are actually specialized, and not certain people who farm in order to produce all sorts of things.

I should like to reconsider a little the four phases of today's agriculture: In the 18th century, 80 per cent of Canadians lived off agriculture, which was called subsistence agriculture, and I think that no farmer wishes to go back to that type of farming.

At the end of the nineteenth century, we had a farm population of 75 per cent and an urban one of 25 per cent. Then, the economy was moving towards industrialization and agriculture towards commercialization. And this latter trend continued.

In the twentieth century, for example, we saw a radical change in population distribution when only 20 per cent of the population was agricultural and 80 per cent in the industrial or urban sector.

In 1970, we had an industrialized economy and agriculture. I feel that through amending the Farm Credit Act, favouring access to greater credits and helping the young to make of farming a profession, we will greatly help our agricultural industry.

Mr. Speaker, I was listening to some of the previous speakers still discussing family farms, and I suggest that it is very difficult to know where the family farm ends and the industrial farm begins, and that for many reasons, especially emotional ones.

In Canada the family farm is characterized by the use of the labour and capital provided by members of the family. At that time, it was the members of the family who tried with more or less success to produce some income. With the rise in the living standard, the labour of men and women is reduced and is replaced by capital. Even if in some parts of Canada the family farm is still a pretty vital operation, it can be said that in many regions the family farm faces great economic problems.

Efficiency in agriculture as in any other segment of industry requires capital. But the transfer of farms from one generation to the next has prevented young farmers from taking immediate possession of farms which were productive on a wider basis. And when the transfer was possible, young farmers had to work for other people for a salary during many years and postponed as long as possible the investments that were not available to them under the old legislation.

I think that the changes that have been brought are really very desirable because the old legislation did not provide for loans to young people under 21, whereas this legislation will enable the Corporation to grant loans to farmers under 21. This provision meets representations from provincial legislatures.

I listened attentively to the interesting remarks the hon. member for Témiscamingue made a moment ago. Even granting loans at 2 or 3 per cent interest would not have solved the problem.

First of all, I should like him to tell us from what source we should have obtained these funds. The problem is much more serious than that. I think that even if funds with interest rates in line with those he quoted a moment ago had been available, and if the producers had sold their goods at a loss, for instance, milk at $3 per hundred weight as it has happened before or—as someone said earlier—broilers at 10c. a pound, the producers cannot make a profit, no matter the availability of capital on the borrowing market, because attractive interest rates will not solve the problem. Farmers could have been put in a position where they could never pull through and it might have resulted in their further downgrading. Instead, the government developed an agricultural policy which, at a national level, takes consumer power into account.

Endeavours are being made to organize production so that farmers are able to obtain reasonable prices for the time they have been spending to grow their products. What has the present government put forward in order to ensure normal profits for Canadian farmers, so that as experts, they are treated as fairly as possible? I am sure there is still much to be done, but considering the steps already taken by the government, I think they have a promising future.

I will now deal with the Canadian grain policy. The hon. member pointed out a while ago that there was too much grain in western Canada, too much milk in eastern Canada, in short too much of everything. It is easy to say that there is too much of everything. But it would be better to put some order at the production level so that it will be geared to consumer and export markets.

Through a regulated grain and dairy production policy, grain as well as milk producers now receive good prices for their products. If those two products had been left as they were, if more investments had been encouraged through a 2 or 3 per cent rate of interest, real stagnation would have followed. Instead of making such a popular decision, we adopted a sound administrative line and asked producers to follow some regulations.

What about the results? Whenever one meets producers and asks them about it, one can see that they think the Liberal government is to be commended for such regulations which, as I pointed out, generated much more attractive prices and much more interesting incomes for producers.

As regards other production fields, we brought forward recently another agressive economic policy: the establishement of national marketing boards. Those national marketing boards for farm products will be another instrument enabling farmers to get a decent price for their marketing products. The implementation of that legislation will start with farm products and eggs.

All that, Mr. Speaker, to say how proud I am of the changes made in this legislation on farm credit. The importance given to the maximum amounts young people may borrow is certainly a worthwhile improvement.

Mr. Speaker, I do not wish to keep the floor any longer, but I think that when allowing credit for production we should also give advice to the producers. It is risky to extend credit without some accompanying advice.

• (1550)

In order to show to what extent we are aware of the importance of the agricultural sector, we shall set a policy consolidating those small farms which prove unprofitable because unit costs are too high, the size of the land does not warrant farm machinery expenses, or increasing production to 200,000 pounds of milk is not viable.

For various considerations such as for instance, the father's age or the transfer of the land to the son, we are promoting a policy aimed at consolidating unprofitable small farms into much more profitable units.

Mr. Speaker, all these changes show to what extent this government is aware of the prevailing farming revolution due to the transformations farming is being subjected to by technological advance, enlarged knowledge, higher agricultural yields and higher per unit animal yield, which contribute to a higher production, regardless of consumption capacity. We are very much aware of this revolution, I believe, and we are endeavouring, with the mechanisms I have referred to, to tidy up things at the production level.

[*English*]

Mr. Don Mazankowski (Vegreville): Mr. Speaker, it is somewhat strange that we should be considering increases to the Farm Credit Act at a time when foreclosures are predominant throughout many parts of the country. There are many pending cases of foreclosure and, as a matter of fact, I believe that the cases of pending foreclosures are at an all time high. In my own province of Alberta, where there are some 25 per cent of farm credit loans in arrears, where some 17 foreclosures have been made in the past year, 1971/72, and 102 foreclosures are pending, one must ask whether this legislation will be of any assistance to those farmers who are experiencing this type of difficulty.

I should like to quote from an article which appeared in the Edmonton *Journal* of May 2 entitled "Farmers Feel Pinch of Easy Credit". The article was written in the northern part of the province, in Manning, Alberta. It reads as follows:

> Easy credit has become more of a curse than a blessing to many farmers in this region.
>
> The harsh realities of accumulative interest and a depressed agricultural economy have ruined some farmers and even the best are feeling the pinch to some degree.
>
> Foreclosure actions appear on the increase in the North Peace, prompting strong objections from the National Farmers' Union, which is seeking a two year moratorium on foreclosures to give farmers some breathing space.
>
> At first glance, the government's Farm Credit Corporation appears the chief culprit, since that institution has financed the majority of farm expansions in the region and therefore is involved in proportionately more foreclosure actions.
>
> But even those farmers who've lost land through FCC foreclosures are inclined to admit they've had more than a fair hearing from the crown corporation, most particularly when compared to some of the more conventional trust and mortgage firms.

I should like to reiterate the words of the hon. member for Bruce (Mr. Whicher) who paid tribute to the officials of the Farm Credit Corporation who have looked at the various problems of arrears and the people involved with a great deal of sympathy. I have had correspondence with the chairman of the Farm Credit Corporation and many of his officials and officers who, in my opinion, have bent over backwards to try to help these individuals in every way possible. I want to convey to them the appreciation of many who have found their administration flexible enough to consider all factors.

The article goes on to point out further specific examples. It reads:

Ralph Ressler was raised on a farm in this region and in fact gave up farming during the 1950s to work in town.

And he wishes he'd stayed there, although he's in a better financial condition than many of his neighbours.

"Twelve years ago I had a good job and don't owe anybody a cent, but the government came along and said grow wheat and I listened. I borrowed $30,000 and bought some new machinery and more land and some cattle."

Right now Ralph is $4,000 in arrears, he's been threatened with foreclosure and he's certain that "without those cows I think they'd have foreclosed on me a long time ago . . ."

Peter Kulyna, a 41-year old mixed farmer who's been at it since he was 18, maintains there is plenty of agricultural land available now and "It's no use opening up any more land."

Ten years ago, he says, he had eight quarters of land and "about $30,000 kicking around in cash".

• (1600)

Today he's about depleted his reserves and says it's a simple matter of agricultural products costing too much to produce in relation to their selling price.

That is generally the perspective offered by the agricultural economy today, particularly in the northern parts of my province and in many other areas of western Canada. The problems involve mainly an unfair return for the products produced by the farmer in relation to the cost of production, combined with inaccurate marketing information, and also some trouble in respect of fiscal management.

When considering this bill to amend the Farm Credit Act, one of the first observations that one must make is that it goes far beyond the original objectives of the Farm Credit Act. A number of the proposed amendments can be classified as improvements to meet current demands. These include such provisions as the increase in the amount of the loan, provision for increased capitalization, amendments to the minimum age requirements, and the matter of citizenship eligibility. These are generally desirable amendments. I have no objection to them. But it seems to me that this measure will be of little benefit to any of the farmers who are having difficulty at present in discharging the mortgages they hold. The main problem in agriculture today is that of net income, and not necessarily having more funds available to borrow.

In his speech to the House last week, the hon. member for Bruce (Mr. Whicher) went to great lengths to point out that the agricultural situation has improved quite considerably. It may have improved in Ontario, Mr. Speaker. It may be fine there, but I must say that in western Canada we have had a reduction of roughly 50 per cent in our net realized income between the years 1966 and 1970. Here I

[Mr. Mazankowski.]

am referring to the statistics of net farm income for 1970, provided by the Dominion Bureau of Statistics. We had roughly $1 billion worth of realized net income in 1966. That dropped to roughly $494 million in 1970, a reduction of more than 50 per cent.

When the Chairman of the Farm Credit Corporation appeared before the standing committee the other day, he disclosed the amount of arrears which farmers had incurred on their loans. In western Canada those arrears are roughly $15 million, an average of some 25 per cent of the outstanding loans. In Ontario, the arrears amount to $1.5 million, or 7.7 per cent of the outstanding loans. In Quebec the arrears are $446,000, or 4.7 per cent of the outstanding loans. So, while these problems are present generally across the country, the position of the agricultural industry in western Canada has been reduced more than the position of the industry in central Canada.

Clause 1 of this bill reads:

The Corporation has all the powers necessary to carry out such duties or functions as may be assigned to it by the Governor in Council in relation to the administration of any agricultural program or as are assigned to it pursuant to any other Act of the Parliament of Canada.

It seems to me that this clause delegates power and authority to the Farm Credit Corporation to reshape the economic and social structure of the production sector of agriculture. These powers are very broad. They may be assigned to the directors by the Governor in Council or by an act of parliament. This is my first objection to the bill. If we are going to assign carte blanche authority to a Crown agency to administer agricultural programs and thus reshape the concept of the agricultural industry, as parliamentarians we should have a right to know what their programs are all about, and we should have a right to debate them. Above all, parliament and the farmers of Canada should know what these programs entail.

I am against any program being assigned to the Farm Credit Corporation or, for that matter, any other federal agency, by order in council, and when we reach committee stage I believe an amendment must be introduced to withdraw that power of assigning such a function to the corporation by order in council. The details of the immediate program intended to be administered through this clause of the bill are very sketchy. They are ambiguous, and in many cases controversial. We really do not have a bill before us dealing with the provisions of the so-called small farm development program. Without knowing the details, and the intentions of the government, we are not in a position to debate this part of the bill in an intelligent way.

I believe that the motives behind this program form part of a plot to cure the problems of agriculture by encouraging the removal of vast numbers of people from the agricultural industry. It is, if you like, a form of occupational genocide. There can be no doubt the ultimate objective is to carry out the plan of the ivory-towered bureaucrats and academics through a process of rationalization and adjustment in the family farm enterprise. From what we are led to believe after considering the small farm adjustments program, from the various policies that have been introduced by the government, and indeed from the task force report on agriculture, farming is no longer considered to be a way of life but

rather a hard-nosed business operation, notwithstanding the vagaries of the weather, the international market place or the policies of competitive countries.

We are moving into an era when the federal government wants to opt out of the program of assisting the industry. Subsidy is now a bad word in agriculture. It is all right for the Department of Industry, Trade and Commerce. It is all right for the Department of Manpower and Immigration. It is all right for the Department of Regional Economic Expansion. But, I repeat, when it comes to agriculture it is a bad word, and the government is firmly committed to withdrawing any respectable assistance to agriculture.

The Prime Minister (Mr. Trudeau), speaking to the Coopérative Fédérée du Québec on February 2, 1972, said of agriculture:

Like any other industrial sector it has to operate and will have to operate without subsidies, without outside aid, as a mature organism that has developed to its full potential.

It is less and less acceptable that the consumer should have to bear the cost of deficiencies which the farmer himself suffers—

I merely want to draw attention to the fact that the productivity index in the agricultural sector has increased from 100 in 1961 to 166.7 in 1971, as compared with 121.4 in the non-agricultural sector. That is efficiency, Mr. Speaker, but while achieving this efficiency we have had a reduction in the net realized income of the farmer.

The minister responsible for the Canadian Wheat Board said something similar in an article which appeared in the *Star Weekly* on December 22, 1971, headed "Our Anti-farm Policy." I quote from it as follows:

Eight years ago Otto Lang was offering the first hints about what was to become the federal government's policy to kill Canada's smaller family farms.

Lang is now the federal minister in charge of the Canadian Wheat Board, but then he was a law professor speaking to agriculture graduates at the University of Saskatchewan in Saskatoon.

"The family farm is not entitled to subsidy," he said. "Should those living on farms be subsidized by non-farmers to bring their economic level to that of non-farmers? Clearly not. The farmers are receiving non-economic benefits to make up the difference."

• (1610)

The benefits, he suggested, include 'independence, fresh air, quiet and privacy and the intimacy of neighborliness where you know all of your neighbors well.'

Lately, neither Otto nor Ottawa has been talking about all those benefits. But the federal government has been bluntly informing family farmers that they can't expect to be subsidized much longer. The big farm is more economical to run. . . .

Federal Minister of Agriculture H. A. Olson said not long ago, in the stilted language of the bureaucrat: 'We want to give farmers who are close to retirement age the opportunity to use their assets to put together a satisfactory retirement package. We also want to give other farmers the opportunity to withdraw from agriculture with a certain amount of dignity and security if they choose to do so. However, the choice will certainly be left to the farmer.'

What that statement really means is that the low-income family farmer has become an economic anachronism in Canada. And Ottawa will no longer prop him up with subsidies which can only be justified on sentimental grounds.

An hon. Member: Shame.

Mr. Mazankowski: The government's proposals for a production and grain receipts policy for the Western Grains Industry, of October, 1970, reaffirm the government's objectives to integrate smaller farm units and produce units of a more efficient size. While considering the question of size, Mr. Speaker, let us, for a moment, look at what Judge James Ross said. He conducted an inquiry into the egg industry in Ontario. One newspaper carries this report. Speaking of Judge Ross it says:

Repeatedly he insists that the family-type farm, employing one to three full-time men, must be buttressed. Not because it is a socially desirable business unit, which it is, but because it happens to be the most efficient production unit.

With lucidity he explodes the myths about bigness and 'economy of size' which are believed and preached by a number of naïve university professors. Like the authors of the Farm Income Report, he was unable to find one example of a corporate unit giving a better return to capital, management and labor than a family-run enterprise. In fact returns usually are lower.

Some hon. Members: Hear, hear!

Mr. Mazankowski: We know that the task force report in part recommends that subsidies and price supports to agriculture should be phased out, and that we must emphasize efficiency and rationalization. The approach of this government and the approacch of bureaucrats is that there must be more bigness, so to speak, in farming. For instance, more money is to be available for farm loans. This money is not necessarily to help the new fellow in agriculture get started; instead, it is for those who are already fairly well established and want to grow larger. How much bigger must farms become before they reach that so-called viable size that the government and its economic advisers talk about? That question is hard to answer, particularly in view of recent findings. I note that the Minister of Agriculture (Mr. Olson) is not here. I think the parliamentary secretary may be familiar with the comments in the CFA presentation made before the Prime Minister and members of parliament. Page 5 of the CFA presentation reads in part:

It is becoming clearer to all that agricultural subsidies must often be provided as necessary, legitimate features of overall policies and programs in support of the industry—

Farmers have no quarrel with this so long as rationalization does not turn out to be another word for abandoning necessary social and economic goals for our rural economy, and so long as it is understood that the transition may well prove to be an extended one in today's fast-changing and unpredictable world.

May I read one more paragraph from page 6 of the presentation, as follows:

The reality and the challenge facing Canadian agriculture today is that a well defined, well understood intermediate to long-term policy and program must be developed for every commodity sector and in every vital area of agricultural policy.

By well understood we mean well understood by the farmers themselves, and basically accepted by them. This in turn must mean that the necessary programs and policies are developed and carried out with producer involvement all along the line.

That, Mr. Speaker, has not been happening; that approach is not evident in this bill. Once more, in this bill, we are seeing the government implement some of the recommendations of the Task Force on Agriculture. As we know, that report has become the bible on which Liberal agricultural policy rests. Notwithstanding arguments to the contrary, there is sufficient evidence to show that many of the programs the government has introduced in this House emanated directly from the report of

the Task Force on Agriculture. I am referring to programs such as Operation Lift, the grain stabilization bill, and Bill C-176 of the previous session, which introduced national marketing. Now, a so-called small farms adjustment program is being introduced.

May I point out once again, and this must be considered, that not one farmer served on the Task Force on Agriculture. Its report is the work of academics who, in all likelihood, had little or no practical experience in the art of farming. Our problems have arisen because so-called arm-chair experts have used theory and economic ideas in their attempt to cure the ills of agriculture. In addition, this government has displayed little imagination in its policies with respect to agriculture, and has shown little devotion to the people engaged in agriculture or to their welfare. Governing in an authoritarian, highly paternalistic way, the government is not so much dedicated to curing the ills of agriculture as to removing vast numbers of people from that industry.

Broadening the Farm Credit Act for the immediate future will simply mean the administration of the small farm development program. Probably, we should more appropriately refer to the program as the small farms adjustment program. I know it is to be called the small farms development plan, simply because development has more political appeal than adjustment. Really, however, the guts of the proposal are the same as before. You cannot change the guts of the program merely by changing the title of the bill. So far as I am concerned, this bill spells adjustment and consolidation, and the program is based on the March 8 policy paper, which contains a general, broad outline on which the federal government has been unable to reach a consensus with the provinces. It is a policy with respect to which we, the members of parliament, have been unable to elicit concrete information. We do not know the extent of the program. We have been highly unsuccessful in our efforts at seeing the matter clarified. The minister failed to enlighten the committee. The people representing the Farm Credit Corporation could not, because many of the questions concerned policy, enlighten us to any great degree with regard to the program. There are many unknowns about the government's small farm development program. I think the government is adopting a hit-and-miss, trial-by-error approach, which is tarnished with political bait. If one examines pages 7 and 8 of Minutes of Proceedings and Evidence of the Standing Committee on Agriculture, No. 2, one will see the definition of a small farm. Apparently, that definition will vary according to the number of applications which are received. One does not know exactly what definition will be used.

If one examines carefully the report of the Farm Credit Corporation, one will see that the majority of so-called small farmers reside in Quebec and in the Maritimes. How are the funds to be allocated? How are the amounts to be divided? We have not been able to get answers. We are aware of one thing only, Mr. Speaker: that the government's underlying motive is to encourage the people to leave the land. They want to remove vast numbers of people from agriculture. This policy will have a further devastating impact on our rural communities. How the program in question is to be carried out we do not know exactly. We only know that the provinces have not been able to agree on it. Farm organizations do not necessarily agree. The people of my constituency do not agree.

In February, 1971, I sent out a questionnaire which asked simply: "Are you in favour of consolidating farms into larger units?" Ten per cent said yes, 82 per cent said no and 8 per cent were undecided. A news report in the Edmonton *Journal* has this to say about Mr. A. M. Runciman, a most knowledgeable and respected man in the grains industry:

> A. M. Runciman of Winnipeg, United Grain Growers president, says a global approach seems to be the only way 'we can get some answers to the universal conundrum of low incomes for the majority of farmers—
>
> Mr. Ruciman defined the federal program in 1970 which paid farmers to take land out of wheat production as 'infamous' and said the announcement of the small farm development program this week was another step in the wrong direction.

• (1620)

I am quoting from the December 9 edition of the Edmonton *Journal.*

> Mr. Runciman is concerned with other farm spokesmen about the new federal development program which, "regardless of the fine words ... aims to reduce the number of farmers in this country."
>
> Several farm spokesmen point to the report on the future of agriculture in the 1970s, made by a federally-appointed committee last year, which advocated a reduction of one-third of the 400,000 farms in Canada.
>
> "It's hard to make sense of phasing out a Canadian farmer who can grow wheat for say $1.20 a bushel when a European farmer continues to produce even though he can't get his costs for growing wheat below $2," Mr. Runciman said.
>
> He said nothing will be solved until Canada attempts to get agreement in principle among the various producing countries on long-term policies aimed at stabilizing production; and that the trend of Ottawa's policy will continue to hurt Canada's farmers.

I have no objection to the senior members of the agricultural industry voluntarily opting out of agriculture and retiring or, for that matter, any other group. I believe the senior people in agriculture should be allowed to retire with dignity. Through the rationalization and adjustment program for the textile industry, the federal government was able to assist those who were forced into making some social adjustments. However, I am concerned about who will be filling the void that will be created by the vast numbers who will be encouraged to leave the land as a result of this small farm development program. Will it be corporate holdings or syndicates?

Where does a young fellow with a deep desire to engage in the business of farming fit into the over-all program? What incentives are there for the young man? What encouragement and positive advice is there for him to become interested or actively engaged in the industry? This is basically what the amendment proposed by the hon. member for Mackenzie (Mr. Korchinski) sets out to do. If we are going to have a program which encourages people to leave agriculture, we must have another program to attract people into the industry. If we do not do this, our rural communities will die. Without this kind of approach, the so-called farm development program will be more accurately referred to as a "small farm extinction" program.

In its latest report, the Farm Credit Corporation stated that the number of applications by young people has

decreased very significantly. The average age of a borrower is somewhere around 35. A very small percentage are under 24 years of age, something like 2 per cent of the people. The average age of the farmer now in business is in the vicinity of 57, 58 or 59. We must do something to bolster the prospects of the young person who wants to engage in farming as a means of livelihood. Such a provision should be incorporated in this bill as our amendment suggests. If we are going to spend $150 million to get people off the land, we should allocate a similar amount to get people back on to the land. We must maintain an equitable balance between our rural and urban populations. Perhaps we should go beyond that and make an all-out effort at restoring confidence and viability in rural Canada. I suggest we should form a department of rural affairs and rural development. DREE, which to some extent is responsible for rural development, has been another devastating failure. The Department of Agriculture is not concerned with the social implications it has created through this adjustment process. I believe a department of rural development and rural affairs, whose main objective would be to promote amd maintain a healthy and viable rural Canada, is something worth considering.

The problems of agriculture in rural Canada fall into three categories; agriculture, social adjustment, which perhaps comes under the Department of National Health and Welfare, and rural development. We do not have a co-ordinating body which looks at all these problems and which can be used as a co-ordinating device. The Department of Agriculture wants to rationalize everything for the sake of developing, promoting and maintaining a competitive and efficient production system regardless of the human side effects. DREE wants to encourage growth in the so-called urban growth centre, literally forcing people to migrate from rural to urban centres in order to find employment. The Department of National Health and Welfare looks at the problem on a broad basis, but is not truly meeting the challenges of social adjustment that are taking place in rural Canada. It is merely seeking more funds and herding people into the cities against their wishes, many of whom are ending up on welfare.

Rural life is what these people want. They want to stay in the rural areas. More consideration must be given to the processing of agricultural products and the establishment of light industry in rural Canada to provide the necessary alternatives. It is inconceivable that in this country, which offers so many opportunities, a person cannot be permitted to make a decent living in rural Canada if he so desires. A department of rural development and rural affairs would co-ordinate all these aspects into a viable policy that would put the emphasis on people rather than efficiency. As I said before, rural Canada must not be allowed to die. It must be strengthened and bolstered. If we do not face up to this problem now, we will have a situation in the future which will make our contemporary problems of pollution, poverty, drugs and so on pale by comparison. There is always a social price to pay for any automated or technological change that takes place. The coal miners and textile workers have received assistance. I believe the agricultural industry must be considered similarly in the light of alternatives for the rural areas rather than allowing the mass exodus of rural people into the urban society.

The other point we must consider is this. We must put a damper or perhaps a moratorium on the philosophy of bigness. In my opinion, bigness and the family farm concept are not compatable. If we allow this government to continue in the direction it is going, the family farm will disappear by 1980. What is meant by a family farm? Many members have suggested that it is impossible to define. One thing the Task Force on Agriculture did was make a rather succinct definition of the family farm. I wish to quote the opinion of the authors of the task force report on agriculture with regard to the future of the family farm. I quote:

> —one of the most commonly accepted definitions involves the following considerations:
>
> (1) The farm operator makes all or most of the managerial decisions;
>
> (2) The farmer and members of his family supply most of the labour needed;
>
> (3) The available farm resources are sufficient to provide the family with at least a minimum standard of living;
>
> (4) Tenure is reasonably secure for the operator and his family.

Let us look at what the task force believes the future holds for this kind of operation. This is according to the Liberal bible on agricultural policy. I see the parliamentary secretary shaking his head. But he knows, as I know, and as do most members of this House, that every agriculture policy which has been brought forth by the government has emanated from this book. On page 335, we read the following:

• (1630)

> It may become impossible eventually for the individual farmer to accumulate sufficient savings during his lifetime to develop an efficient size of business and own a debt-free farm by the time of retirement. The growing management skills, the need for greater integration between production and marketing and the ability to withstand heavy risks may not be within the capacity of the family-operated farm business by the end of the century. A corporate form of farming with hired management and equity financing through the stock market may eventually evolve out of the far-reaching changes which are certain to occur in agriculture during the next two or three decades.

Having regard to the confidence which the government has placed in this report, all I can say is this: goodbye to the family farm.

When we consider this subject, it behooves each and every one of us to draw the government's attention to the farm situation and the direction which is now being taken. The measure we are presently considering constitutes a further step toward the death of the family farm and of the rural communities. It is a step in the wrong direction. I do not believe it will strengthen the industry. I maintain, rather, that it will weaken it. The timing of this program is of considerable significance. It comes before us in a year in which there is ample evidence of a serious deterioration in the industry. Older farmers, in particular, are disgusted with the way in which agriculture has been going. The words "small farm development" admittedly offers some appeal, but again I warn hon. members that the bill spells the beginning of the end of what we have traditionally referred to as the family farm.

Let me remind the House that, though sales of grain have been fairly good in the past year, wheat prices have been the lowest for ten years. Prices received for oats have been the lowest in 20 years, and, for barley, the second lowest in the past ten years. In the Economic Review, to which reference has already been made in this debate, the index of farm prices which appears at page 133 shows that on the basis of an index of 100 in 1961, the farm price of agricultural products had risen to 117 in 1966. But by the end of 1971, it had dropped to 112.5. One also notes that the cost of commodities and services used in the production of agricultural products had increased by some 30 per cent in the same period. In these circumstances, farmers will naturally grasp at any program which might propose some measure of relief for them. But again, I warn them they had better read the fine print. If the program is based on the thinking of the report from which I have quoted, it spells disaster. It will set up a farm management service, a counselling service, a land transfer program and a listening service. In other words, the federal government will get into the business of buying and selling land. I submit that the task of the government now is simply that of a public relations agent trying to sell a policy successfully.

I see, Mr. Speaker, you are trying to warn me that my time has expired. I have many more observations to make and I hope I shall have the opportunity of making them at a later stage.

[*Translation*]

Mr. Roch La Salle (Joliette): Mr. Speaker, I particularly wanted to participate in this debate on Bill C-5 designed to amend the Farm Credit Act and allow farmers to borrow more easily when they find it necessary to do so.

I represent an area where there are a great number of rather diversified producers. Having met with them fairly often, I am in a position to express their wishes on their behalf and to make their needs known to the government.

I would like to deal with this bill from a positive viewpoint. It would be easy for me to be very pessimistic as regards the farm situation. Today, however, we have to make comparisons and acknowledge that in the past four years—I say four years, as I have had the pleasure of sitting in this House for four years—efforts have been made and some progress has been achieved.

I feel that, were I to attempt to make producers believe that the situation has become satisfactory enough so that there is no need to introduce anything new and so we can just let things stand as they are, I would not be doing my duty.

Still, we must recognize that the government has solved a very difficult situation in connection with eastern producers, and that some steps have been taken which have greatly improved the situation of wheat producers in western Canada, compared with what it was three years ago.

We must also acknowledge that a recent policy of subsidies for hog producers have been greatly appreciated.

Bill C-5 provides certain advantages for today's producers. It proposes to increase the allowable amount of loans, which will be raised to $100,000, as has already been mentioned by several hon. members. As for the corporation staff, it was deemed that those officers would be competent enough to manage a program of land transfer or farm buying.

Also, an extra $10 million allocated for farm loans is likely to help improve the fate of those who want to continue working in that industry.

• (1640)

Another valuable measure consists in allowing young people of 18 years of age to get loans. I believe above all that it would be a tremendous mistake to only facilitate loans to producers.

I suggest in order to be very positive, that we must accept the recommendations or proposals put forward in Bill C-5. However, we must also consider the profits with which a farmer is left after the crops are in. If we merely provide such loans, we might, in some people's opinion, extend even more the suffering of some farmers.

In my view, such measure is a very important one. But how shall we be able to introduce other measures by which each producer will get a net realized income enabling him not only to pay back his loan and interest, but also to progress somewhat which will encourage him to remain on his land, as well as his son to take over his father's business who, at a certain age, must give it up. I think that, in this area, the government must work in cooperation with all hon. members to develop a policy which will promote a better farm product marketing.

During the last two years, we have reviewed at great length Bill C-176, which provided for the setting-up of farm products marketing agencies. For my part, I believed in this legislation and I still believe that this is the way, not only provinces, but all producers, will be able to take advantage of it. Thus, they will develop, which will enable them to pay back their loans.

Therefore, we could have producers benefit from this new legislation which, as I said before, is certainly desirable.

What every producer needs is an orderly marketing which will ensure adequate prices. No matter how many amendments are introduced with a view to making loans easier for young farmers to enable them to start in farming, we shall never be able to interest them as long as they are not guaranteed fair prices for all of their products.

In what way? Well, I believe we can, through legislation such as Bill C-176. The government must be urged to act quickly through the National Council it has appointed to acquaint the provinces with the problems they are facing in the agricultural field. Indeed, it is not always easy to call the provinces together and make them accept a fair production quota for every one. However, I do not think any meaningful progress will be possible if we cannot manage to have the provinces discuss the necessary measures with the federal government.

Five or six months ago, I asked the Prime Minister (Mr. Trudeau) whether he was considering the possiblity of creating a new department, a state ministry for agriculture.

Without in any way underestimating the competence of the Minister of Agriculture (Mr. Olson), I believe that due to the complexities, difficulties and marked differences in

the farming industry across Canada, it would have been desirable to seriously consider appointing a Minister of State responsible for eastern Agriculture. I believe the members from Ontario, the Maritimes and Quebec would appreciate such a measure.

And if some day the Minister of Agriculture happened to be from eastern Canada, I believe the western provinces would then be entitled to have a representative who would be called the Minister of State for Western Agriculture.

Of course, in the present context this would enable eastern Canada to be represented as it is entitled to have a voice in the ministers' council on account of the importance of its population and consumption. This would also give the Minister of Agriculture not only an adviser but a direct associate when the time comes for discussing estimates in the cabinet.

The idea was hailed, I believe, by the eastern producers, just as it would probably be by the western producers: once again, it is not a matter of dividing a national legislation. On the contrary. To my mind, by giving responsibilities to one more man, bearing in mind the difficulties and problems existing in the field of agriculture, two heads would be better than one. This has long since been recognized. That would be one way of improving the farming situation. Surely, the government will seriously consider setting up that type of department in the interest of both the Eastern and western farmers.

As a representative of the province of Quebec, I feel that Quebeckers experienced many difficulties last year. Indeed, pork producers and egg producers experienced serious difficulties.

I know also that potato growers have been forced to sell their last crop at ridiculous prices.

As for dairy producers, they find themselves in a rather favourable situation now compared with the previous two or three years.

As for tobacco producers, most of whom are in my region, they have now no serious ground for complaint.

I know also that a number of vegetable growers are experiencing difficulties because of the lack of well organized marketing, definitely because of the policy which has prevailed for a very long time, the law of supply and demand, according to which prices fall when crops are plentiful and increase when there is a shortage. No doubt, this does not favour the protection of the consumer.

I supported Bill C-176 because I thought that the national marketing agencies for farm products could bring about a well organized marketing, which could support adequate prices. And if, after establishing such marketing boards, it should be impossible to obtain reasonable prices, the government would have to pass some legislation designed to set a basic price, if we truly want to give the farmers the same safeguards that the workers enjoy today in many industries.

In my view, the farmer is always worried about the future, because of a lack of legislative measures and of programs offering him some protection. I know that some producers in some provinces have crop insurance. That is not good enough, whatever one may say. The Canadian farmer is entitled to safeguards, as the worker is entitled to the safeguards provided by the unions, which enable him to breathe freely and to sleep fairly well. The same cannot be said of the farmers, even today, and yet that industry has been around for a long time both in Canada and throughout the world.

I am confident that with goodwill and positive comments, we shall succeed in making the government aware of the problem so that it will introduce increasingly better pieces of legislation for the sole purpose of granting to each producer, who has the right to dream, adequate safeguards which he may enjoy as much as the worker.

• (1650)

Mr. Speaker, I would also like to show the government the difficulties met for instance by landless producers.

We are quite aware that the feed grain policy was discussed in one part of the country but that it can also be accepted in another. One thing for sure, however, producers throughout Canada certainly have the right to get feed grain at the same rate. And upon such consideration I invite the government, for the tenth time maybe, to seriously consider legislation along that line. This is not easy, I admit.

I had the opportunity of listening to many comments made within the Committee on Agriculture where there is good will and good faith. But must we think that because it is difficult the problem should not be dealt with? And should we accept that producers in some areas of this country be definitely forced to pay more for feed grains in order to turn out the same product?

I venture to believe that in all fairness it is the government's responsibility to introduce as promptly as possible legislation allowing all landless producers—I refer to producers of eggs and fowl, who have had and are still experiencing problems—as well as hog producers to buy feed grains at equal prices. This would allow them to compete on an equal basis with producers in other regions and the legislation could really be called fair. I hope the government will give this particular consideration.

I make this representation, knowing that the Quebec Millers Association has submitted briefs and that hon. members from the east of the country are most anxious to have these changes brought about, in view of the situation of producers in their area. Hon. members from the west are well acquainted with the matter I am now dealing with and certainly hon. members from the east always unhesitatingly supported grants to western regions when they were in trouble. We know this cost the federal government millions of dollars. However, these people needed help and I believe hon. members were quite justified in voting for grants in their behalf.

Quebec benefited by some advantages regarding the Canadian Dairy Commission. For instance, that province received grants of $50 million from the Canadian Dairy Commission. The province of Quebec also receives $10 million for the transportation of feed grains to Quebec.

I give these figures because I must be honest enough to disagree when some people say that the Quebec minister of agriculture has done nothing. I think these remarks

have been repeated in the House and as Quebecers we must show more objectivity.

I am one of those who have relentlessly defended Quebec's interests in this House but I am willing to recognize what the federal government has done for the province of Quebec.

In the field of agriculture, I think that the federal government has offered serious co-operation. And when the hon. member for Lac-Saint-Jean (Mr. Lessard) blamed the Quebec minister of agriculture for saying that the federal presence carries much weight in Quebec, I wonder how right Mr. Toupin was. And I am tempted to concur with the hon. member for Lac-Saint-Jean who is very familiar with the role fulfilled by the federal government in agriculture.

As a member of the Committee on Agriculture, I have had the opportunity of meeting the Quebec agriculture minister. We were able to ask him a few questions—short ones, because he was very busy. On the other hand the Ontario Minister of Agriculture granted us two days, which was very much appreciated.

As for the statements of the Quebec Minister of Agriculture, I am not endorsing them, far from it. In my opinion, the members of the Committee on Agriculture did a very good job defending the agriculture policy in connection with Quebec.

Of course, as many others, I deplored the $10 million reduction of the grants to the dairy industry made two or three years ago. But upon analysis, we must admit that generally speaking the dairy producers are really in a better position than three years ago and I must therefore admit that, even if this measure was wrong, it was probably necessary as proven by results which we must accept objectively. The farm consolidation program deserves the attention of all hon. members. I have had the opportunity of asking the minister whether he will maintain his national policy; he replied that he was decided to consider the problems and the wishes of the provinces. This reply is most interesting and demonstrates that the minister is prepared to respect the wishes of the provinces as to the consolidation of small farms.

Surely we must support the conservation of the family farms and also admit that a certain number of acres is absolutely necessary for a man to make a living. But we must accept the elimination of a number of producers and farmers.

To let people believe that with 10, 15 or 25 acres they can still make a living is to have the producers dreaming while we are perfectly aware that with the current changes it is impossible to live on a limited acreage as farmers did 30 or 40 years ago.

But between really going in for industrial agriculture and choosing appropriate standards for a man to live on a well-organized family farm, I think it is the government's responsibility to offer those farmers all the necessary means to keep their family farms, in order that their children may continue the operations which supported their parents. Even as a result of serious changes and with the facilities available under Bill C-5, it would be unfortunate to believe that a loan or farm credit policy alone is the ultimate answer.

It is a fact that credit is needed. Everybody knows that. However, what is actually needed is a policy which would guarantee adequate basic prices so that farmers may make a profit. This profit could serve as an incentive for their children to remain on the land and work it after their parents have departed. This is the only way to improve agriculture, to encourage young Canadian farmers to follow in their fathers' footsteps.

To conclude, Mr. Speaker, it being five o'clock, I hope that this bill will bring about the results expected, and that this government will continue to propose policies likely to improve the lot of producers in all parts of Canada.

PROCEEDINGS ON ADJOURNMENT MOTION

SUBJECT MATTER OF QUESTIONS TO BE DEBATED

The Acting Speaker (Mr. Boulanger): Order, please. It is my duty, pursuant to Standing Order 40, to inform the House that the questions to be raised tonight at the time of adjournment are as follows: the hon. member for Regina East (Mr. Burton)—Manpower—Local initiatives program—Funds allocated, amounts spent, applications received, by provinces; the hon. member for Saint John-Lancaster (Mr. Bell)—Fisheries—Atlantic Salmon Fishery Closure—Reason for omission of Nova Scotia, Newfoundland and Quebec rivers; the hon. member for Moose Jaw (Mr. Skoberg)—Transport—Proposed linking of Kootenay and Elk railway to U.S. line—Request for action to prevent movement of coal to U.S. ports.

[*English*]

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

• (1700)

PRIVATE MEMBERS' PUBLIC BILLS

MOTOR VEHICLE SAFETY ACT

AMENDMENT CONCERNING SEAT BELTS IN COMMERCIAL VEHICLES

Mr. Barry Mather (Surrey-White Rock) moved that Bill C-17, to amend the Motor Vehicle Safety Act (seat belts), be read a second time and referred to the Standing Committee on Transport and Communications.

He said: Mr. Speaker, the purpose of this bill is to amend the Motor Vehicle Safety Act in such a way as to add to public safety on our streets, roads and highways in Canada by including the proposed change which would require in the case of all commercial vehicles, notably trucks and buses, that the equipment, safety restraint seat belts, be mandatory and further that the use of such seat

belts by the operators of these commercial vehicles also be mandatory. This legislation is already in effect in the United States on interstate and foreign-operated commercial vehicles. It is already beginning to save lives in that country.

In this country 5,000 Canadians are killed each year on our roads, streets or highways as a result of motor vehicle accidents. No less than 190,000 people are wounded every 12 months on those same streets, roads or highways and the economic toll taken by reason of accidents in Canada is estimated at approximately one billion dollars every 12 months. To give a broader perspective of the significance of the statistics I have quoted, let us extend that thought about the casualties to a four-year period. A four-year period is one which most members of this House are well aware of, as well as many people in the country, because it is approximately four years since the present government took office. I do not want to hold the present government in any way responsible for the slaughter on the highways, but let us consider the toll which has taken place on the streets, roads and highways in Canada in the last four years. In that four-year period 20,000 Canadians would be killed, 760,000 people would be injured on our roads, streets or highways and the economic loss would be in the order of more than $4 billion.

The toll in respect of motor vehicle accidents can be said to be representative of the world's worst war. In my view it demands a great deal more attention than we have given it. This is not a political issue. I know members on both sides of the House and in all the legislatures across the country agree that the damage, loss of life and the economic loss involved day by day in our country is a very great threat to Canada. So, when I say we must take action to attempt to curtail the loss I am not making any particular political expression. Although I do not think this is a matter in which we can bring about a truce or armistice let alone a peace, I think it deserves all our attention.

The three main features in motor vehicle accidents concern the driver, the vehicle and the road or driving conditions. My proposal has to do with two of these elements. In the United States, commercial vehicle accidents involving the vehicles covered by my bill claim 10,000 lives a year with 124,000 persons disabled. In our terms, if we take the usual one-tenth standard with regard to the difference in population between the United States and Canada, this would mean that approximately 1,000 Canadians are killed every year and approximately 12,000 are injured in bus or truck accidents. Toward reducing the loss, the United States department of transport, federal highways administration, in 1970 introduced new regulations providing that seat belts for the drivers of buses and the drivers and co-drivers of trucks and truck tractors must be installed in all motor vehicles used in interstate or foreign commerce which are built on or after July 1, 1971. Older vehicles, manufactured after January 1, 1965 must be retrofitted with seat belts by July 1, 1972. In the news release which was issued in respect of this new regulation it was stated that a landmark provision of the new regulations is the requirement that a motor vehicle which has a seat belt assembly installed at the driver's seat shall not be driven unless the driver has properly restrained himself with the seat belt assembly.

This is exactly in line with what the bill I have brought forward tonight seeks to achieve in Canada; that is, the mandatory equipping and use of safety restraint seat belts in commercial vehicles. I think it is clear to anyone who has considered the situation that the drivers of commercial vehicles, notably buses or trucks, have many lives other than their own in their hands when they are driving these vehicles on the highways. I believe it is obvious that if an accident occurs or a crash takes place and the driver of the commercial vehicle, a bus or a truck, is not wearing a seat belt and is hurled forward or into the roof of the vehicle or ejected from the vehicle, that vehicle would be out of control and would very likely be involved in the destruction of property or possible loss of the lives of people in other vehicles. It has been estimated that the use of proper seat belts in trucks or private cars has cut the rate of fatal accidents by 40 per cent. In this small bill, I am introducing I am simply seeking to make a change in the safety provisions in respect of motor vehicles which I believe is necessary and quite simple to bring about.

We have in our hands in this place this evening the power to save lives, if not by passing the bill, at least sending it to the proper committee for detailed study. This is a proposal to make mandatory the use of seat belts in commercial vehicles. I urge that my colleagues will give this motor vehicle proposal their approval so that it might be considered in committee and improved on if necessary.

Mr. Francis: Mr. Speaker, may I ask the hon. member a question? I have listened to the hon. member's remarks. He indicated the purpose of the bill is to require the mandatory installation of seat belts and also their mandatory use. Does the hon. member not concede that there might be a constitutional problem in a federal requirement concerning the use of seat belts?

Mr. Mather: If that should be so, and I do not know offhand whether it is, I believe this would be another reason for allowing the subject matter to go to the committee for detailed study.

• (1710)

[*Translation*]

Mr. Gaston Clermont (Parliamentary Secretary to President of the Treasury Board): Mr. Speaker, the hon. member for Surrey-White Rock (Mr. Mather) would like to amend paragraph (b) subsection (1) section 4 of the Motor Vehicle Safety Act by adding the following words:

(b)—including equipping motor vehicles with safety belts for mandatory use by operators—

The amendment proposed by the hon. member though commendable lies beyond federal jurisdiction. It would rather be the responsibility of the provincial governments following agreement between them and the federal government.

[*English*]

As you know, Mr. Speaker, responsibility for the federal government's role and leadership in the field of road and motor vehicle traffic was assigned to the Department of Transport in 1967, following an extensive inquiry into this national problem by one of the parliamentary committees. Preliminary discussions were successfully concluded

when the Minister of Transport (Mr. Jamieson) met with the ten provincial ministers responsible for motor vehicle administration in Quebec city in early 1969. At that conference, the provincial ministers welcomed the suggestion of an expanded role for the federal government in certain fields related to traffic safety, and specifically in the field of traffic safety research, in facilitating international co-operation in the field of safety research, and in developing safety standards for motor vehicles and parts at the point of manufacture.

Consultations between the federal and provincial governments continued, and in September 1969 the Minister of Transport again met with the provincial ministers responsible for motor vehicle administration in Fredericton. At that time, it was confirmed that the federal government should assume responsibility for ensuring the safe design, construction and functioning of new motor vehicles manufactured in Canada and for motor vehicles imported into Canada. Furthermore, it was agreed that the provinces would continue to ensure the safety of vehicles in use, as well as the safety of replacement and additional parts for motor vehicles.

[*Translation*]

In November 1969, the Minister of Transport tabled Bill C-137, entitled "Motor Vehicle Safety Act", which was passed by the House on March 11, 1970.

Commenting on this legislation, the Canadian Automobile Owners Association in its publication "Program and Resolutions for 1970-71", stated as follows:

The Canadian Automobile Owners Association commends all levels of government for agreeing to enact the Motor Vehicle Safety Act.

The fact that the federal government assumes this responsibility sets up a structure which should help in overcoming safety defects in motor vehicles that may be the direct cause of accidents or of serious injuries resulting therefrom.

[*English*]

As you know, Mr. Speaker, the two main features of this act provided authority for the federal government to enforce safety standards for vehicles manufactured after January 1, 1971 and to require manufacturers to issue notices of safety defects in vehicles in the prescribed manner. Following the enactment of the Motor Vehicle Safety Act, the task of developing motor vehicle safety regulations to implement the provisions of the act was commenced. The standards planned by the Department of Transport during the next five years with the objective of providing substantial safety performance improvement in those systems which contribute to the avoidance of crashes will include improved tire safety standards, standards of handling, stability, braking, vehicle controls and display systems, lighting and visibility.

The Motor Vehicle Safety Act provides authority to issue regulations respecting the design, construction and functioning of motor vehicles manufactured in Canada or imported into Canada. Thus, safety standards for seat belts and other safety features of new motor vehicles are prescribed by regulation rather than being specified in the enabling legislation. The Motor Vehicle Safety Act is not concerned with the use of motor vehicles on the road, as this is frequently regulated by the provinces under their highway traffic and motor vehicle acts.

[*Translation*]

Mr. Speaker, since the House passed the Motor Vehicle Safety Act on March 11, 1970, changes have been made to that act through amendments to its regulations.

[*English*]

For instance, the installation of seat belts in passenger cars was made mandatory on January 1, 1971 and it was required that by July 1, 1972 manufacturers instal seat belts in the operator's seating position in buses, trucks, multi-purpose passenger vehicles and chassis-cabs. It can be seen that the federal government has moved quite rapidly in this field to provide greater safety on Canadian highways.

You will also note, Mr. Speaker, that the use of such seat belts is presently regulated by the provinces under their highway and motor vehicle acts. While this falls primarily within provincial responsibility, I understand there is continuous consultation by the Department of Transport officials with their provincial counterparts to attempt to find ways of persuading more people to use seat belts when travelling in their automobiles.

[*Translation*]

On October 25, 1971, the Minister of Transport announced amendments to the regulations on motor vehicle safety—which amendments are now in force—lowering the acceptable limit of carbonic fumes flowing from automobiles and commercial vehicles exhaust pipes.

Another amendment provided more detailed provisions on the installation of safety belts to ensure greater protection.

Those amendments were published in Part II of the *Canada Gazette* on October 13, 1971.

On December 15, 1971, the Minister of Transport (Mr. Jamieson) and the Minister of Environment (Mr. Davis) jointly announced a proposed amendment to the same regulations on motor vehicle safety with a view to protecting public health and checking the deterioration of urban environment.

The recommendations contain more drastic provisions concerning the fumes produced by the new gas burning motor vehicles to be manufactured in 1973, 1975 and 1976.

Mr. Speaker, other changes in the regulations were announced by the Minister of Transport on February 22, 1972, March 17, 1972, and April 21, 1972.

Mr. André Ouellet (Parliamentary Secretary to Minister of National Health and Welfare): Mr. Speaker, I should like to speak to this bill. It is not my intention to speak very long because I support its intent. I commend the hon. member for introducing it and I hope that it will be referred to the committee for consideration and implementation.

Bill C-17, the purpose of which is to require the equipping of commercial vehicles, trucks and buses, with safety belts in the driver position and to require the use of these restraint belts by the driver to increase his safety and that of the occupants of his vehicle and of other highway users, strikes me as an extremely important provision.

I think that we in Canada unfortunately have far too many highway accidents which entail casualties or very

serious bodily injuries. It has been proved that the use of a restraint belt can prevent casualties and many very serious accidents.

I think we must welcome the decisions made by the government in the past few years to improve the safety of Canadians, particularly on our highways.

My colleague, the Parliamentary Secretary to the President of the Treasury Board (Mr. Clermont), quoted a whole series of measures taken by the government in the past few months to ensure greater safety for people who drive along Canadian highways. I think we must welcome what has been accomplished, and have a right to expect that more will be done in this sphere.

It is frightening to realize that at the present time, the highway toll in North America—Canada included—is higher than that of any war, even a world war. All governments, particularly North American governments, should make every possible effort to improve motor vehicle safety.

I for one always use a safety belt when I drive my car. The type of safety belt I have is European: it is a four-point belt which fastens on the right. And I can guarantee that this type of belt is far more effective and much safer than the types we find on North American cars at present. I suggest that General Motors, Chrysler and Ford study the European types of belt used in Mercedes and Volvos and try to manufacture similar ones. I think that passenger safety would thus be greatly improved.

I feel, Mr. Speaker, that we must congratulate the hon. member who presented this bill designed to improve car passenger safety by prescribing the use of better types of safety belts, and I think that all hon. members will agree that every possible step that can be taken to prevent loss of life should be encouraged.

• (1720)

[*English*]

Mr. Lloyd Francis (Ottawa West): Mr. Speaker, again I want to join those who have congratulated the hon. member on this bill. He has shown a consistent interest in this subject over a period of time. I want to say a few things about the basic problem of constitutionality with respect to certain measures that he is proposing, and then I want to talk generally about the Motor Vehicle Safety Act, its purposes, and how the regulations under that act are brought into effect.

The Motor Vehicle Safety Act, which was Bill C-137 and which was passed by this House on March 11, 1970, by the Senate on March 23, and received Royal Assent on March 25, is the authority by which the federal government prescribes certain things by regulation. It provides authority for regulations respecting the design, construction and functioning of motor vehicles manufactured in Canada or imported into Canada. Thus safety standards for seat belts and other safety features of new motor vehicles are prescribed by regulation rather than being specified in the enabling legislation. The Motor Vehicle Safety Act is not concerned with the use of motor vehicles on the road, since this is presently regulated by the provinces under their highway traffic and motor vehicle acts. A few minutes ago, I asked the hon. member who introduced the bill, the hon. member for White Rock-Surrey (Mr. Mather), whether he was aware of this constitutional problem. The federal government, according to the law passed by this parliament, can require the installation of seat belts, but the penalty for failure to use the seat belts has to be prescribed by the provincial authorities. This appears to be the ridiculous situation we have under our constitutional arrangements, one that cannot easily or readily be avoided.

The installation of seat belts in passenger cars was mandated in the initial Motor Vehicle Safety Regulations which came into force with the proclamation of the Motor Vehicles Safety Act on January 1, 1971. In the October 23, 1971, edition of Part I of the *Canada Gazette* the Department of Transport proposed extending section 208 of Schedule D of the regulations to require the installation of seat belts in the operator's seating position of buses, trucks, multi-purpose passenger vehicles and chassis-cabs. Final regulations mandating seat belts in these vehicles effective July 1, 1972, were approved by Order in Council PC 1972-603 on March 28.

With respect to Bill C-17 the government is requiring the equipping of commercial vehicles, trucks and buses with safety belts in the driver position. While the ministry is studying seat belt use and attempting ways of increasing their useage, presently only the provincial governments would have the authority to mandate their use by operators of commercial vehicles. So, Mr. Speaker, the situation is that, by regulation under the existing act, it is the intention of the government to extend the requirement for new vehicles, and this is presently being done. The requirement that the seat belts, having been installed, would be used presents a much more difficult problem for resolution here.

[*Translation*]

Mr. Speaker, the Motor Vehicle Safety Act was adopted by Parliament as early as January 1, 1970.

The purposes of this act are as follows: First, to set compulsory safety standards for new motor vehicles, in order to protect passengers against injuries or death, as well as against hazards to health caused by exhaust fumes and perhaps by noise.

This act applies to every new motor vehicle as well as to parts manufactured or imported in Canada. Provinces will continue to be responsible for the safety of vehicles in use and for the administration of existing laws.

On November 13, 1970, the Minister of Transport (Mr. Jamieson) announced that the new Federal Motor Vehicle Safety Standards would come into force on January 1, 1971.

These safety standards are part of the Motor Vehicle Safety Regulations published in Part II of the *Canada Gazette* for November 25, 1970. I am quoting from the press release:

> These regulations first appeared as proposals published in Part I of the *Canada Gazette* for August 22, together with the regulations on snowmobiles which appeared in the September 19 issue. Manufacturers, dealers, importers and others concerned were given the opportunity to express their views on the proposals. Submissions were carefully reviewed and in some cases the original proposals were altered in the interest of clarity.

Motor Vehicle Safety Act

The safety regulations include 29 standards for design and performance of passenger cars, trucks, buses, motorcycles and trailers and five standards limiting release of exhaust gases of motor vehicles and 10 applying to snowmobiles. The regulations will be subject to constant review, additions or changes being inserted to keep them up to date and in line with technical progress. The safety standards for tractors and vehicles of that type are now being studied.

Under these regulations, all Canadian motor vehicle manufacturers or dealers must affix the national safety label on any vehicle classified as built after the proclamation date of these regulations. A label attesting that the vehicle meets all federal motor vehicle standards must also be affixed. Vehicles imported for commercial purposes must also bear this conformity label and importers can be authorized to affix it. Canadian manufacturers, dealers and importers may request authorization to affix the national safety label in stipulated places by applying to the Director of the Road and Motor Vehicle Traffic Safety Branch, Department of Transport, Ottawa.

Mr. Jamieson also pointed out that Canadian residents importing vehicles for their personal use must conform to the Act and the Regulations. He stressed that only vehicles manufactured after the proclamation date of the Act and the Regulations must meet all safety standards. Further information on importing vehicles for personal use can be obtained from the Canadian Customs authorities.

• (1730)

[*English*]

I think the act that was debated at length and passed by this parliament has served its purpose and has been instrumental in introducing a substantial measure of improvement in regulations concerning vehicle safety. We have made a beginning only in this field. Those of the present generation face great challenges; we must improve what has been done.

I commend the hon. member for his bill. I know the matter will not rest here, because the problem the bill raises is fundamental. Even if we were to pass it we would not in my opinion squarely face the problem, a constitutional one, of requiring seat belts to be used. Research will continue in this area. Without question, the value of seat belts has been proven statistically. Accidents still happen in which people strapped in their seats cannot escape from the vehicle and suffer consequently. Although these incidents are rare, they do occur.

As I have said, research will continue and standards with regard to seat belts will need to be improved. More public funds will be required in this area. Without question, we have a major job to do in terms of public authority and regulation in this field.

[*Translation*]

Mr. Gaston Isabelle (Parliamentary Secretary to Secretary of State for External Affairs): Mr. Speaker, it is a great pleasure for me to say a few words on this extremely interesting bill. Incidentally, I must congratulate my hon. friend from Surrey-White Rock (Mr. Mather) for having introduced this bill and I know very well, in fact I have known him for several years, that he always brought new ideas in the matter of public bills. I think it was a tremendous effort on his part and he is to be commended for that.

As regards tobacco, Mr. Speaker, I believe that he not only broke new ground, but that he was a pioneer for he was among those who had been struggling for years so that legislation on tobacco and smoking would be passed.

[Mr. Francis.]

There is no need for me to give an account of that. We were among the first countries to concern ourselves with this problem and I believe Singapore already passed legislation to that effect. I hope that we shall follow suit before long I shall always support my hon. friend from Surrey-White Rock on those social measures that would be beneficial to most Canadians.

This bill is somewhat in the same vein as those dealing with social security. It has to do with individual safety as regards seat belts. In a rapidly changing world like ours, there is reason to believe that instead of passing measures which are but poultices, it would perhaps be better to have measures passed by provincial government in an attempt to add as much as possible funds to the budget that would be precisely earmarked for the education of the people in safety matters.

We spoke about that while dealing with smoking. We finally concluded that we had to allocate money to education because it seems that all those social security ideas are based above all on the education concept.

We realized, while considering pollution matters, that it is very well to suggest legislation to prevent pollution, but perhaps it would be even better to encourage people to fight it or to grant funds to public schools to have them teach the young people what they should know about pollution, because, basically, whether the matter is the use of birth-control pills or tobacco, divorce or any other aspect of social security, there is a lack of education.

Even if better seat belts were installed in motor vehicles, I suggest that the problem could not be eradicated, for it is a well-known fact that 80 per cent of the accidents in Canada are caused by drinking drivers. Perhaps we can momentarily protect some innocent people, but we should rather focus our attention on the basic problem which, as I say, is education.

Perhaps we should say that there will be some improvement as concerns seat belts, as stated by my colleague from Papineau (Mr. Ouellet). Apparently, North American motor vehicles are equipped with various types of belts that are not provided in European cars. I think that this point should call for an extremely interesting debate, even at the UN, where the discussion could bear on international seat belts. Since recommendations on the standardization of road signs at the international level might be acceptable, I see no reason why a belt of world-wide use could not be accepted after conclusive tests.

• (1740)

Mr. Speaker, one realizes quite often that there is an improvement in the equipment, although manufacturers have presently a very good one at their disposal. I suggest that we could introduce, as I said, a standardized seat belt.

It is not necessary for me to explain that, in particular when the car is a few years old, those safety seat belts are in a very bad shape. When you open the doors of the car, it often seems that a parachute has fallen there and that its strings are intermingled both on the front and on the back seat.

I should even say that those seat belts can even become a dangerous hazard, especially for young children, when they get into the car. They may stumble over them and

break a leg or an arm. Moreover, when those safety belts are not equipped with an automatic system or when they lie about anywhere in the car, they may often be the cause of accidents, especially when you get out of the car and those belts are hanging outside.

In my opinion, this bill, as a whole, is very good. I congratulate once more my friend for his wisdom, for the many sociological studies he carried out. I hope that he did not do them for the people of his constituency only but for the whole Canadian people. One cannot but praise him.

I would like to emphasize the matter of education in this area, as in those related to social security. I believe that the federal government, within its own jurisdiction, especially following the changes which have occurred in our society in the last few years, has made every possible effort to adjust safety measures, particularly as regards to motor vehicles, to this rapid change, to modern life.

On many occasions, the hon. minister has shown his concern with the problem of alcohol related to highway accidents. We should allocate funds to the prevention of the abuse which has caused 80 per cent of highway accidents in Canada.

As my friend from Ottawa-West (Mr. Francis) mentioned, we have enacted regulations on the security of motor vehicles. We have also carried out studies on warning and traffic control devices and also studies, very important in Canada and on the North American continent, on the calcium and sand which is strewn in tons on our roads, destroying the best cars. Whether a car is worth $15,000, $2,000 or $3,000 and whether or not it has received anti-rust treatment, it is inevitably doomed to the dump after a few years, eroded by rust.

That is another factor we should study more thoroughly to prevent cars becoming hazards on roads after a few years' use.

There also, the Minister of Transport (Mr. Jamieson) issued statements to the effect that a number of surveys had been carried out and that we were on the right road to overcoming the effects of corrosion on motor vehicles.

We also took action about the falsification of labels on cars and I feel sure the federal government has shown its willingness to co-operate, to do its duty but as was said a while ago, the federal government cannot do everything single-handed.

Some aspects of the law involve the provinces, each one having its own responsibilities in this field, although in other spheres it is often the federal government's responsibility to act, at least in some general areas.

We have at all times passed legislation concerning the safety of gas operated vehicles, in order to check on the amount of exhaust fumes. I think this amendment was quite relevant. In fact, in pollution matters, we are faced with a problem that is to be found in Montreal and Toronto as well as in Vancouver. I think the government has done its utmost to settle it. It is in fact a very worthwhile bill and one cannot but approve a wise suggestion, even though it originates from an opposition member.

I feel it is my duty, Mr. Speaker, to congratulate my excellent friend, the hon. member for Surrey-White Rock. I encourage him to keep on putting on the Order Paper as many public bills as he likes, as we can discuss them in a friendly manner for light will often come from the clash of ideas.

Members of this House are always free to participate in the debates. This does not imply too much, but there has been one case where owing to a private member's bill the name of Trans-Canada Airlines was changed to Air Canada.

[*English*]

Mr. Mather: Mr. Speaker, would the hon. member permit a question?

The Acting Speaker (Mr. Boulanger): Does the hon. member agree?

Mr. Isabelle: Yes, Mr. Speaker.

Mr. Mather: Mr. Speaker, having in mind the sympathy which so many hon. members who have spoken have expressed for the principle of what is proposed and the virtue they see in safety features, together with considering the constitutional questions that have been raised, I wish to direct the following question to the hon. member who has just resumed his seat and other hon. members: Would it not seem reasonable, not to pass the bill but to allow the subject matter to go to committee for detailed study and approval?

[*Translation*]

Mr. Isabelle: Mr. Speaker, I thank the hon. member for his excellent suggestion. I for one would be happy if this bill could reach the committee stage where we could at last exchange views and perhaps call for experts. I know that committees as well as members are overworked, but they would be very glad, once the committee's work is lessened, to consider this very important bill.

Once again, Mr. Speaker, I thank my hon. friend for introducing this bill. I hope he continues to put on the order paper many more good ideas like this one, for I feel sure they might eventually be retained.

[*English*]

The Acting Speaker (Mr. Boulanger): Before I recognize the hon. member—

[*Translation*]

I would like to make a correction. It is perhaps not in order but I want to say that when I recognized the hon. member for Ottawa West (Mr. Francis), I should have designated him under his title, that is the Parliamentary Secretary to the Minister of Veterans Affairs and also designated the hon. member for Hull (Mr. Isabelle) by his title, namely the hon. Parliamentary Secretary to Secretary of State for External Affairs.

[*English*]

Mr. W. M. Howe (Wellington-Grey-Dufferin-Waterloo): Mr. Speaker, did I understand the hon. member for Hull (Mr. Isabelle) to say that the government agrees to let this bill go to committee?

Mr. Jerome: I did not get that impression.

Mr. Howe: I thought that was intimated. If that is not the case, I wish to say a few words. I join all those who have congratulated the hon. member for Surrey-White Rock (Mr. Mather) for bringing to the attention of this House social measures which have to do with the welfare of so many people whether they be cigarette smokers, drivers or others. His services to the House have been outstanding throughout the years in focusing our attention on areas of concern in connection with the health and welfare of the people of Canada.

• (1750)

Some hon. Members: Hear, hear!

Mr. Howe: The bill before us directs attention to what is probably the greatest single problem confronting us, the reduction or prevention of death and injury on our highways. Throughout the years efforts have been made to introduce and popularize safety devices—seat belts, improved exhaust systems, more effective bumpers, and so on. All these things are good in themselves but to my mind the most important factor of all is the human element. As the saying goes, it is not the hole in the road that causes the accident, but the nut behind the wheel. We have all driven cars and been subject to little lapses of attention. We have not always paid attention to what was happening on the road. We all know that after a man has been driving for two or three hours on a super highway, he becomes fatigued and there is a danger he will lose track of things and fail to concentrate on situations presented to him.

I was interested to hear the comments of the hon. member for Hull (Mr. Isabelle). I have always thought that driver education ought to be part of the curriculum of every educational system. I believe provincial boards of education should see that driver training courses are made available in our schools. There is a definite place, it seems to me, for training in driver skills because other than food and clothing there is scarcely anything a person uses more than an automobile. So it is just as important to learn the A, B, C of driving at school as it is to learn the A, B, C of finance or politics.

Some years ago the city of Kitchener instituted courses of driver education in its schools. If I remember correctly, statistics thereafter showed a marked reduction in the number of road accidents. This was because young people had been given proper training in handling vehicles. To my mind, no matter what may be done in the way of encouraging the use of seat belts, installing collapsible steering wheels or air cushions which will inflate automatically when an accident occurs, driver training is the most important factor in the prevention of accidents on the road.

I cannot understand why the federal government does not offer assistance to provinces which institute driver training courses as a regular part of their educational systems. It is likely that all of us have played some part in teaching members of our families to drive, but most of us would agree that the job is best done by an independent person who can instruct one on the rules of the highway and the proper way to handle a vehicle. I believe this is just as important as all the safety features which can be built into automobiles by manufacturers. Driver education should be encouraged and the federal government should give a lead by assisting provinces which incorporate such programs in their educational systems.

Mr. Hees: A fine speech.

The Acting Speaker (Mr. Boulanger): Does the hon. member for Ottawa East (Mr. Richard) rise on a point of order? The hon. member for Ottawa East.

Mr. J.-T. Richard (Ottawa East): Mr. Speaker, I am a little worried about this kind of proposal, one which will not solve the problem at all. As the hon. member has just stated, what we need is better driving education. Safety belts have proved to be death belts, nothing else. There was a recent case in Montreal where three people died wearing seat belts. It is not a case of providing people with belts; it is a case of educating people to drive properly.

The Acting Speaker (Mr. Boulanger): Order, please. I gave the floor to the hon. member for Ottawa East because I thought he was raising a point of order. I think, now, I should give the floor to the hon. member for Ottawa East for the purpose of contributing to the debate.

Mr. Richard: I am very happy to take part, Mr. Speaker, having had very little opportunity to speak. Legislation has been introduced by the hon. member for Surrey-White Rock (Mr. Mather) concerning the use of tobacco and other things—matters which in my view have to do with education and should have nothing to do with the imposing of restrictions. It is in the high schools that it would be most valuable, in my view, for our children to be given an opportunity to learn how to drive. Then, again, there is no doubt that 60 per cent of the accidents on our highways are the result of alcohol.

Mr. Isabelle: Eighty per cent.

Mr. Richard: Perhaps it is 80 per cent. At any rate, it has nothing to do with seat belts. Belts account for a large number of accidents.

An hon. Member: No.

Mr. Richard: The fact that a man is tied down in his seat will not save him from fatal injury. I often wonder whether the hon. member has not sought, by speaking on tobacco, seat belts and so on, to find subjects popular and easy to explain. I am sure the hon. member realizes that the use of seat belts alone will not reduce the death toll on our highways.

• (1800)

[*Translation*]

The Acting Speaker (Mr. Boulanger): The hour set aside for private members' business having expired, I do now leave the chair until eight o'clock.

At six o'clock the House took recess.

[*English*]

AFTER RECESS

The House resumed at 8 p.m.

GOVERNMENT ORDERS

FARM CREDIT ACT

AMENDMENTS RESPECTING LOANS AND POWERS AND CAPITAL OF CORPORATION

The House resumed consideration of the motion of Mr. Olson that Bill C-5, to amend the Farm Credit Act, be read the second time and referred to the Standing Committee on Agriculture, the amendment thereto of Mr. Korchinski (p. 1872) and the amendment to the amendment of Mr. Knight (p. 1903).

Mr. Jack Murta (Lisgar): Mr. Speaker, I should like to say a few words on Bill C-5 and also to give my support to the amendment moved by the hon. member for Mackenzie (Mr. Korchinski). I should also like to state that I oppose the subamendment moved by the hon. member for Assiniboia (Mr. Knight). So now everything is on the record and we know where we stand.

I suppose the legislation could be supported in principle to a limited extent in that it increases the amount of a loan that may be made, to a farmer to $100,000 from $40,000. It is time the amount was increased because a good many farmers in Canada are expanding their farming units. Some have sons, relatives or partners establishing farming enterprises and they need capital in order to make their farm units viable. So I think this provision in the legislation is at least a step in the right direction. As farm units become larger—they seem to be becoming larger, and by legitimate means—the need for good, sound agricultural credit will play a vital part in coming years.

The minister alluded to the fact that this bill was but a small part of what is called the small farms program. I would be a little sceptical about that statement. I believe the bill can be viewed separately from the small farms program. Whether the legislation is good or bad, I think the small farms program has been put before the Canadian public in such a manner that it will have a very rough and rugged journey for a good while. People in agriculture are becoming increasingly suspicious of government involvement in agriculture, as we have stressed over and over again in this House, especially when the government puts forward a proposed plan in which the farming community is not involved in any way, shape or form.

It is of interest to note that about the only small farm legislation we have is the proposed Saskatchewan land bank. I have before me an article which appeared in the *Free Press Weekly*, on the proposed land bank. I suppose from one point of view the Saskatchewan government should be given credit for at least putting forward their proposal and letting the farmers decide whether they approved of it. The land bank proposal is known as Bill 110. According to the Saskatchewan minister of agriculture, Jack Messer, it is proposed to establish a Saskatchewan land bank commission. The article to which I have referred is dated May 6 last and is quite critical of this proposed program. I should like to put a few excerpts on the record, but first may I say that I hope the federal plan is nothing along the lines of the Saskatchewan plan. The article reads in part:

On April 24, Roy Atkinson—

He is president of the National Farmers Union.

—expressed misgivings about the legislation. He said in part, "I think the government has lost sight of the fact farmers have a desperate income problem," and in a complete farm policy package, an adequate land bank program would be one element—

Mr. Messer said flatly he looked on the program as a revival of the Regina manifesto of 1933. And he said he was satisfied the present Saskatchewan government wants to socialize Saskatchewan farms.

As I said before, I hope the federal program does not go that far. The article continues:

In fact, farmer opposition to the Messer plan is remarkably widespread and farmers who oppose the land bank proposals are from all political parties.

Mr. Atkinson was then quoted in the article as saying:

• (2010)

One of Mr. Atkinson's pertinent comments was "few of the things a farmer needs to know are yet in sight in the bill except a long list of all the ways he can be evicted, fined or imprisoned if he doesn't keep up his rental payments." Strong words.

In addition the land bank commission would farm land acquired by it from farmers. The Saskatchewan government in competition with Saskatchewan farmers on the land itself.

At least in that case the land bank program, or what has been alluded to as part of the small farm program, will work in that way and this is perhaps the course that the agricultural industry will take. As a member for Manitoba, which is just a stone's-throw from Saskatchewan, I hope we have the foresight in our province to stay away from any kind of program such as this.

An hon. Member: Cast no stones.

Mr. Murta: Hon. members to my left are making quite a fuss, but I do not believe they are making half the fuss the farmers of Saskatchewan will make when they feel the consequences of the legislation being brought down by the Saskatchewan government.

Whether or not we are talking about a small farms program or amendments to the Farm Credit Act, the real question which should occupy the minds of everyone in this House is not whether this is a step in the right direction—because this is only a small part of the whole agricultural situation—but, rather, what is the government doing in respect of a form of crop insurance and, perhaps more important, about some form of price insurance. Those are the questions being asked by the farmers of Canada. The critical question involves crop insurance to give some kind of stability, and price insurance to give some realistic form to the income of farmers.

I suppose we should look at our total economy when we talk about some form of price insurance or some form of realistic prices for Canadian agricultural products. We have what I like to consider as two sectors to our total economy, one being the private sector and the other that

sector which services the private sector. What has been happening over the past few years, as all hon. members know, is that the service sector of our economy, which is the largest, has been increasing as a result of wage demands and fringe benefits. That sector has made gains far greater than the gains of the private sector. The private sector includes the agricultural industry as well as a great many other basic industries. The private industries have had no way of absorbing this increased cost except on a personal basis, and the prices they have received for most of their products are just not high enough to sustain a realistic income. This is what we have to consider and this has to be our number one priority.

Let me refer to the prices received by farmers for certain agricultural products. These are 1971 figures representing prices to the consumer and prices to the farmer. They were compiled some time ago, but the comparison is valid. The price to the consumer for a loaf of white bread was 21 cents, but the price the farmer received was 2 cents. The price of pork per pound was between 59 cents and 95 cents, depending on where you bought it, and the price to the producer was 22 cents a pound. A dozen eggs were selling for 47 cents at that time but the price to the agricultural producer was 25 cents. A 42-pound box of no. 1 McIntosh apples was selling to the consumer in the supermarket at $5,50 but the farmers were getting $1.92. A 40-ounce tin of apple juice sold for 48 cents and the farmer was receiving 7 cents. Milk was selling at 35 cents a quart but the producer's price was 17 cents.

Using that kind of table, it is my contention that unless something is done to offset the gains to the service sector of our economy compared to those of the private sector, there is virtually no way to attack this problem other than by granting some type of government assistance to the private sector. We must find some way to slow down these gains and allow the primary sector of our economy to catch up. One might call this assistance direct payments, a two-price system or anything else you like, including a subsidy to the consumer; but this is what we must do. We must look at the situation realistically. This government has made no attempt to view this problem in realistic terms in order to find out how the farmers and others of this primary sector can obtain a greater portion of our gross national product.

The consumer plays a vital role in any agricultural program. Recently, the price for food in the United States has become one of the big election issues which President Nixon will have to contend with before this fall. Consumers must be made to realize that the farmer's share of food prices has been too small. The press in this country could have a role to play in this regard. I do not think it has done anything to explain why there was a final payment for wheat and it has done nothing to explain many other questions of this nature about which consumers read in the newspapers.

Quite often we get the feeling in western Canada—I am sure this must also be the case in the agricultural areas of the east—that all the assistance to farmers is given in the form of gifts or handouts from the government and that the farmers are skimming the cream off the top. It is up to members of parliament, Canadians in general and the press to drive this point home. There has to be a realistic move to increase farm income.

There are four or five ways to approach this problem in respect of farm income. We could charge our export customers more, but we know what happens when we do that. In 1968-69, when the Wheat Board held the price of grain at an unrealistic level, we lost sales. It is the same old story—you buy from the person who sells at the lowest price and on the best terms. At this time I believe it is unrealistic and impossible to think of charging our customers more in order to give farmers more income. We could charge Canadians more for their food. Here, again, we run into consumer reaction to higher food prices. This could be called an additional tax on the poor because it results in an increase in the price of a loaf of bread. For various reasons this is not acceptable realistically nor, at times, politically.

Some people across the country are advocating another method of increasing incomes to primary producers. This would involve a supply-management technique or controlled agriculture. If we had import controls in a supply-management technique we would have to use price controls. If we raise the price of a product within the country, we must protect that price because we sell agricultural products firstly on the North American market and secondly on the global market. If we increase the cost of food to the consumer, if we operate on a supply-management basis in agriculture, one fear I have when considering the provinces is that we would be moving to a supply-management type of agriculture for Canada. I think we will find such a step detrimental to agriculture. So I do not believe the supply-management concept will work in respect of getting more money into the hands of the farmers.

• (2020)

We could do what we are doing now, which is nothing; we could go on basically in the same fashion. The minister responsible for the Wheat Board says farm incomes are glorious; he says they are rising. They are rising; he is probably partially right. But theoretically when you start at zero and go to five, the increase is only five per cent, which is not enough.

Mr. Knowles (Winnipeg North Centre): That is infinity.

Mr. Murta: They started out at infinity in 1968-69. That is the situation we found ourselves in through pricing ourselves out of world markets. The real return to agriculture is not significant. Therefore in my view we have virtually only one solution, which is assistance from the federal government in one form or another. I think we have reached a stage in agriculture when it is right and proper for the industry to ask for this much at least on the short-term, because otherwise we will not have an agricultural industry as we know it now. I believe that is certain. It would seem that a more realistic approach by government must be made to agriculture. As I mentioned before, we sell barley on the world market at 68 cents a bushel. As of late it has been increased to 73 cents. There is an increase but it is still not sufficient; the farmers' costs rise far too quickly.

In conclusion I say that the $100 thousand is, I believe, a necessary step and something for which a good many farmers have been looking. I am not referring to the corporate farmers to whom the members of the NDP refer but, rather, to any farmer who wishes to expand his operation and requires additional capital. I believe this move will be welcomed in all parts of Canada.

I have one final comment. I suggest that the agricultural planners, the people whom we do not see, such as the civil servants and others who draft legislation and establish a great many policies, should ask themselves the basic question—why a cannery often pays more for the label on the can than the product inside the can. I think if we asked ourselves this type of question we would come close to the heart of the problem which has been afflicting agriculture in Canada for a number of years.

Mr. Lorne Nystrom (Yorkton-Melville): Mr. Speaker, I shall try to be brief because the hon. member for Regina-Lake Centre (Mr. Benjamin) has a 40-minute text prepared and is chewing on the end of his pipe, raring to go.

The bill before us today is to amend the Farm Credit Act. A number of changes are being made to the act. Some are rather significant. There is the raising of the loan ceiling from $48,000 to $100,000. A major change is being made in clause 1 of the bill which would give additional power to the Farm Credit Corporation. But we find that the Conservative party has submitted an amendment to the bill. In the amendment they talk about the interest rate and deferred repayment but include a provision that in order to qualify one must meet certain production standards.

On Thursday last the hon. member for Assiniboia (Mr. Knight) moved a subamendment which would take out the selectivity clause in respect of meeting production standards. I do not know why the Conservative party has to include production standards. What do they mean by that?

An hon. Member: Performance standards.

Mr. Nystrom: The hon. member says they are performance standards. What do they mean by performance standards and selectivity? Last week in the House I recall Conservative members speaking out against selectivity when we were debating the family income security plan, and suddenly today they do a double-take and wish to include selectivity in the Farm Credit Corporation bill. This is part of the Neanderthal approach of the Conservative party. They reach back into the Stone Age and pull out something.

What are these production standards? I ask the hon. member for Mackenzie (Mr. Korchinski) and other members what they are. Does one have to have a large farm or a large loan? Who will judge what the standards are, and who will police the standards? I can see the Conservative party setting up a huge, new network of government bureaucrats policing the Farm Credit Corporation.

Mr. McKinley: I rise on a point of order, Mr. Speaker. I should like to inform the hon. member who is speaking that performance means that they simply must live up to the terms of the agreement. The hon. member is now trying to read things into the amendment which are not there.

The Acting Speaker (Mr. Laniel): Order, please. I must inform the hon. member that this is a point of debate rather than a point of order.

Mr. Nystrom: Mr. Speaker, I am glad you had to remind the veteran member of that elementary point, about which a new member such as the hon. member for Lisgar (Mr. Murta) already knew. In the Conservative amendment, young farmers will qualify where they meet performance standards. I am sure many farmers would ask what the performance standards are, who would set them and who would police them. Would someone from the agricultural community, or a civil servant, do the policing? I and the hon. member for Assiniboia who moved the amendment to the amendment which would strike out the unacceptable part, which is selectivity, do not like the amendment brought in by the Conservative party. I know the hon. member for Mackenzie comes from an area similar to mine. We have smaller and different types of farms. Perhaps our farmers would not be able to meet the performance standards the Conservative party would lay down; therefore I do not wish to have anything to do with what is outlined by them.

I was very surprised to hear the hon. member for Lisgar give such high praise to the National Farmers Union. I wonder whether he or the hon. member for Mackenzie are members of that union. I am sure they must be, since they are quoting members of the National Farmers Union. I and most members of my party are supporters of the National Farmers Union, and I sometimes wonder whether members of the Conservative party are speaking out of both sides of their mouths.

• (2030)

As I said earlier, the bill before us deals with a number of measures to amend the Farm Credit Act. The one on which I express some reservation is clause 1 of the bill which would amend section 11 of the Farm Credit Act. It reads:

> The corporation has all the powers necessary to carry out such duties or functions as may be assigned to it by the governor in council in relation to the administration of any agricultural program or as are assigned to it pursuant to any other act of the Parliament of Canada.

Under this clause the government has a great deal of power through order in council to implement new policies with regard to agriculture and the family farm. I think this is a way of attempting to make laws through the back door. This is a plan for small farm consolidation which they call the small farm development program. I do not think this is right. When you are dealing with a plan of this magnitude, one that will affect so many people, such a plan should be discussed here so that members of all parties and all farm organizations can have their say. We should not attempt to bring in this program through the back door, which I suspect the government is trying to do by including clause 1 in Bill C-5 to amend the Farm Credit Act. This bill should be debated in parliament and I hope that when the bill reaches the committee the Minister of Agriculture (Mr. Olson) will shed some light on this part of it.

I believe that the small farm development plan would be termed, more correctly, the small farm elimination plan. All you have to do is look at some of the statistics to see what is happening to the small farms of this country. I believe it would be worth while putting some figures on the record. We find that between 1966 and 1971, according to the dominion census which was conducted last year, the number of farms in Canada decreased by 15 per cent, from 430,000 to 366,000. In Saskatchewan, the number of farms declined from 85,000 to 76,000, a drop of 10.2 per cent. This happened right across the country.

With regard to the maritime provinces, the province of Nova Scotia, for example, showed a decrease of 37 per cent. The number of farms in New Brunswick decreased by 37 per cent, and farms in Quebec decreased by 23.7 per cent between 1966 and 1971. This tells us loudly and clearly what is happening to agriculture right across Canada. The family farm is on its way out and the government is attempting to introduce the small farm consolidation plan through the back door. I say they will have a fight on their hands.

All of us in this party have expressed disappointment at the fact that the Minister of Finance (Mr. Turner) in his budget last night did not include one measly item for the farmers of this country, despite the number of farms having decreased by 15 per cent in the last five years. When I asked the Minister of Agriculture a question about this last week, he rose and in his arrogant and smug manner said, "We are looking after that. Farm income is up this year over last year and that will take care of the situation, so that farmers will not leave their farms as rapidly as heretofore".

I want to remind the minister and the government that in 1970 farm income dropped to an almost all-time low. In Saskatchewan, in 1970, the average net income per farmer was around $1,000 a year. That is a serious situation and it is something the Minister of Agriculture and the Minister of Finance should take into account. This is one of a number of indicators which show we are having trouble in agriculture right across the country. To underline the point I am making, I should like to quote to the House the leading paragraph of the 1972 presentation to the Prime Minister (Mr. Trudeau) and members of parliament by the Canadian Federation of Agriculture, which they made a short time ago. It reads:

> We meet with you today following a year when the farmers realized income fell to a new, disastrous low—the lowest in dollar terms for as long as comparisons make any sense; in real terms to 73 per cent of what it was ten years previously.

May I remind hon. members that 1961 was also a very poor year in terms of the farmer's income. The presentation continues:

> The forecast for 1972, which we sincerely hope events will disprove, signals a further decline. The cost-price squeeze has achieved a new, startling and damaging intensity.

I believe that what the Federation of Agriculture is saying is entirely true. The situation is not good in rural Canada. Farmers are being squeezed out, farm income is very low—and parliament and this government must do something about it immediately. I think there is a place for a rural society in Canada, a place for the farm, the town and the village. I mention the towns and villages because when you drive through Saskatchewan today you find that every town with the exception of one or two has declined in population since 1965 or 1966. This is due almost entirely to the depression of the agricultural industry, because when farmers are not making money—

Mr. Whelan: Oh, oh!

Mr. Nystrom: I realize when members from large urban centres, such as the hon. member for Essex (Mr. Whelan), speak they do not understand what I am saying. But perhaps he can be educated. He is a member from a large urban centre and I understand and sympathize with him.

To go back to the Prairies and to rural Canada, we find that farm income there has dropped rapidly. We find, also, that the small towns suffer, businessmen are closing their doors or laying off workers. People then have to move from the small town or village into the city. In essence, this contributes to the destruction of a life style which I think is very much part of the Canadian society: it is the fabric of our life from coast to coast. This is the kind of life that I want to protect. We in this parliament are entirely responsible for what has happened in western and in rural Canada during the last five or six years.

It is about time the government got off its bottom and did something about the situation in a positive and constructive way. They are putting very little into agriculture. Nothing went to agriculture in last night's budget. The Minister of Finance had the audacity to say that farmers will benefit because when they get old they will benefit from the pension increase, and farmers who have sons and daughters who attend university will benefit from the $50 income tax allowance. The minister also said that we passed the grain stabilization plan. We passed no such plan. That shows how much he knows about agriculture, and I know the Assiniboia constituents will remind him of it.

We must do something about increasing the living standards of farmers and the prices they receive for their commodities. They receive less for a bushel of wheat now than they did in 1949. Look at the price of farm machinery which they have to purchase to produce a bushel of wheat! It has skyrocketed. Also the farmers have been victimized because of increases in the costs of production. What has the government done about this? The Barber Commission Report on farm machinery recommended a series of measures to help farmers and to bring down the costs of production. What has the government done with this report? Nothing. It has shelved the report, which is now gathering dust. I suggest to you, Mr. Speaker, that the government is more interested in farm machinery companies than in Canadian farmers. I also suggest to you that the Conservative party fits in the same bag as the government. Shake them up together, dump them out and they are both of the same cloth; it does not make any difference which it is.

• (2040)

We shall have to do some radical things in this country if we want do help the farmers. Reference has been made to the land bank project in Saskatchewan. I invite the hon. member for Lisgar to stop quoting the *Free Press Weekly*, which I suggest has not been a friend of the farmers. I

invite him to come to Saskatchewan, talk to the farmers there and find out what they think about the land bank project of the provincial government. I know that the hon. member for Meadow Lake (Mr. Cadieu) finds the idea intriguing. I know that the farmers in my constituency find it intriguing, and I know the National Farmers Union does not think it is going far enough. They are not opposed to the project for the reason that the hon. member for Lisgar suggests. He is so far off base that it isn't even funny. Again I invite him to come out and talk to the farmers in my province.

Under the project, land will be purchased from older farmers who want to sell their holdings. And leased or sold to younger people who want to take up farming. I point out that the average age of farmers in Saskatchewan is 57 years. Something has to be done to help the younger fellow and this is one of the main purposes of the land bank idea. A second purpose is to make sure that land does not get into the hands of large farmers or of foreign landlords, but to make sure that it goes to the smaller fellow, the guy who needs an extra half-section of land in order to expand his farming operation. My constituents and I are interested in this matter.

Also, in Saskatchewan the provincial government introduced a piece of foreign-ownership legislation to restrict the purchase of land by foreigners. That legislation is now before the agricultural committee of the provincial legislature. It is the kind of radical step that the federal government should be considering and implementing on the national level. There is a whole series of steps that the provincial government, even with its limited jurisdiction, has taken. The federal government should be doing the same things because it has the power to do them, the authority to do them and the necessary revenues. If we are really going to help the farmers, the government will have to start doing some of these things immediately.

The farm machinery companies may not love us, some of the food chain stores may not love us, some sections of the agribusiness may not love us; but we will have to step on some of their toes in order to do something constructive for our farmers. It is the farmer I am interested in, Mr. Speaker, unlike the Conservative party which is more interested in promoting Federal Grain or even some of the farm machinery companies.

Now I would like to make a few remarks about farm debt. I think this is relevant to debate on the Farm Credit Corporation. We are about to raise the maximum amount of a loan from $45,000 to $100,000. I would like to ask the Minister of Agriculture how this provision will work in connection with co-operative farming. Is a co-operative farm made up of five, six or seven people, limited by the $100,000 maximum stipulated in this bill? Again I would like to quote from the brief presented to the cabinet a short time ago by the Canadian Federation of Agriculture. Under the heading "Production Co-operatives" we find this passage:

> That both Canadian and provincial governments be urged to provide for production co-operatives to take advantage of government programs as though each individual member of the co-operative operated a separate farm.

I urge the Minister of Agriculture to confirm the fact, when the bill reaches committee, that its provisions will treat co-ops in this manner. If not, Mr. Speaker, we shall have to move amendments to serve that purpose. I wish to make another comment about the $100,000 ceiling provided in the bill. I think that the hon. member for Battleford-Kindersley (Mr. Thomson), speaking on this provision a few days ago, said he felt a bit uneasy about the volume of debt that this ceiling could imply. I know that back in 1965 to 1968, when things looked pretty good in western Canada, many farmers borrowed huge amounts of money from the Farm Credit Corporation and other lending institutions. Then the bottom fell out of the agricultural market. As a result, farmers are going bankrupt.

There are farmers in my constituency who have debts that they do not know how to meet. I receive letters from them about this problem, and every time I go to my riding people talk to me about farm debts and wonder how they can repay these loans. I would like to inform hon. members of the House of some figures released last week by the Farm Credit Corporation, showing the percentage of farm credit loans in arrears between 1969 and 1972. From these figures we find that in 1969-70, when the recession began to set in, 11.6 per cent of the loans made by the Farm Credit Corporation were in arrears. In 1970-71 that figure went up to 18.9 per cent and in 1971-72 it went up further to 21.1 per cent.

These FCC statistics reveal very clearly that farmers are in debt and will have difficulty paying off their loans. I repeat, Mr. Speaker, that many of them are going bankrupt each and every week on the Prairies and, indeed, right across Canada. I am not saying this in order to reflect on the Farm Credit Corporation but to reflect on government policies that have brought about this situation in Canadian agriculture.

For all these reasons, Mr. Speaker, we will soon have to take constructive steps in agriculture if we are to save the farmers. We will have to do something about interest rates. We should have lower interest rates, and interest-free loans for younger farmers and small farmers who want to expand their operations in order to attain viable farming units. This should be done and could be done. We give millions of dollars every year in handouts to large companies, through DREE and other programs; but when it comes to the farmer we are adamant in charging him the going interest rate. This is not just and cannot be maintained if we are to retain the rural way of life in our country represented by the family farm.

There are a number of other topics that I could raise tonight but in essence, Mr. Speaker, I have covered the main concerns of my party with respect to this bill. Previous speakers have mentioned others. The essential and central point is that we must maintain the family farm as the basic unit of production. Over the last few years the Department of Agriculture and its task force have been talking about gradually phasing out the family farm, about consolidating farms, about readjusting agriculture and making units bigger and more efficient. I would like to remind some of these people, the bureaucrats and others who talk about agriculture in terms of GNP, net income and expenses, that we have on the farm people and a way of life that are very important. It is a way of life that must be strengthened, maintained and helped in every possible way.

If we are to help our farmers we must revive interest-free loans for younger farmers and those who want to expand their operations. We must put more and more money into the hands of these people. I remind economists that small farmers and young farmers are the best consumers we have in this country. They will buy machinery, they will buy food and clothing for their children, they will purchase commodities for their farms, they will increase the demand for consumer goods—and in turn we will have more jobs for people in our cities and towns. In this way the whole country will be better off.

For these reasons I urge the government to give agriculture higher priority and to provide interest-free loans to younger farmers and small farmers who want to expand their operations. We must in committee have another look at clause 1 of the bill. I hope government members can explain it to our satisfaction. If they cannot, then I and other members of my party will fight it very hard.

• (2050)

[*Translation*]

Mr. Gilbert Rondeau (Shefford): Mr. Speaker, I did not want to let the first reading of this bill go by without saying a few words. I represent the riding of Shefford, a semi-rural, semi-urban area, in which the city of Granby has the largest agricultural co-operative in Canada. Last year, it had in excess of one million dollars' worth of business. It processed the majority of Quebec dairy products, which means that the riding of Shefford could well serve as an example to many others, at least in the field of agriculture.

In dealing with this bill, Mr. Speaker, I should like to use as a source of inspiration the words of one of the greatest presidents the United States ever had, and who said this: It is impossible to spare yourself troubles if you spend more than you earn.

Those who drew up this Bill C-5 certainly did not have the foresight of Abraham Lincoln who was a great statesman, who thought of future generations, contrary to those who drew up this bill thinking only of the coming election.

Mr. Speaker, this bill will allow the consolidation of farms. The government knows full well that its agricultural policy will not enable the average farmer to live off the farm and compete with the others. The owner of the average farm will never survive, because this bill provides a maximum loan of $100,000; this will enable the big farmers to buy out the average farm that is no longer profitable because of the agricultural policy of the federal government.

Mr. Speaker, one would think that the slogan of the present government, just as it was with the preceding governments, is this: Produce today, and go into debt for 25, 30 or 40 years. Buy today yesterday's production with tomorrow's money. Farmers are told: Buy today tractors which were produced yesterday, with borrowed money which you might be able to pay back in 35 or 40 years. Buy today equipment which can be produced today or has been produced yesterday, with money which you will earn tomorrow.

Nobody seems to worry about debts, Mr. Speaker. It would seem that the government does not care about debts, so much so that the Minister of Finance (Mr. Turner) was the first, this afternoon, to show Canadians, to show farmers, that one should not worry over debts. I asked him the following question: Has the government forgotten about the national debt? What is the government going to do about the national debt? The Minister of Finance rose, shrugged his shoulders, and looked surprised that somebody should mention the national debt.

Mr. Speaker, the debts with which we burden farmers, the national debt with which we burden Canadians will have to be paid, or they will be absorbed by those who hold mortgages on our economy.

Mr. Speaker, under a Créditiste government, under a Créditiste economy, we would say: Let us produce today, let us finance our production in order to use up in 1972 what we produced in 1972.

Social Credit, Mr. Speaker, suggests four economic solutions.

First, a scientifically social financial system to distribute producers' goods among consumers, according to the needs of the latter. We say that the Canadian economy is made up of two sectors; the public sector and the private sector. We say that the Bank of Canada should be used to finance the public sector, without interest, so that all the savings invested in public works, all the savings that are frozen, paralyzed, or invested in the building of bridges, highways, sidewalks, water and sewer systems, schools, universities, may develop the private sector. If the Bank of Canada ever finances the public sector with interest-free loans that the Canadian people will have to pay back according to the depreciation of public utilities, which will be then unfrozen, cleared from the public sector, the savings will then be made available to the production process or to private enterprise.

Therefore, we will finance public capital through the Bank of Canada and personal savings will finance the private sector.

I will now deal with the other solution. I will explain it tonight. It is entirely suitable to bill C-5; all new production must be financed through new credits.

Mr. Speaker, the Social Credit proposes that means of production be financed through savings, through interest-bearing loans from banks or from individuals who have faith in enterprise or from the caisses populaires. In short, producers will resort to private capital in order to finance means of production such as lands, plants, machinery or any other capital expenditures used in production or used by the private sector as is largely practised today.

Mr. Speaker, before elaborating on this explanation that any new production must be financed by new interest-free credits, I would refer to a basic document written by Major Douglas entitled *Social Credit Textbook* and which, at page 70, offers the following solution to the producer's problems, and I quote:

[*English*]

—another reason for the disparity between purchasing power and prices is the recall and cancellation, before the goods are sold, of the credits that brought them into existence. ... the credits required to finance production shall be supplied, not from savings, but by new credits relating to new production, and shall be recalled only in the ratio of general depreciation to general appreciation—

The application of this second principle prevents the flow of savings into production and redirects it back to its proper purpose in consumption. All reproduction will then function on credits created for the purpose, and these will be repaid as at present.

• (2100)

[*Translation*]

Mr. Speaker, we say that when the farm production is ready it may at all times meet the consumers' needs, in other words fulfil its objective. We say that there is a time-lag between the processing of a product and its consumption. This period of time is the inventory which represents billion of capitalized dollars and which are today quite a heavy burden on our producers.

In the future, we will accept that production reaches consumption but between production and consumption, between the transportation of finished product and consumption, today's producer becomes a victim to the strongest which are often able to eliminate the competitive producers. A deficiency in the financial mechanism at this stage of production plays into the hands of the stronger to the disadvantage of the weaker.

Mr. Speaker, we have only to consider the devious means used by many larger producers against smaller ones to realize that because the present system does not provide interest-free financing for all stages of production up to the ultimate one, that is consumption, a large number of bankruptcies occur among a large number of competent small producers. This, by the same token, eliminates healthy competition to the benefit of large producers who can obtain easy credit from banks and turns to the advantage of large producers but to the prejudice of smaller producers as well as of consumers.

Mr. Speaker, let us take for example the case of potato producers in New Brunswick who, come autumn, have to store their potatoes in cellars. They have a large production on their hands and a large debt to the bank. New federal credit facilities are not available for the latest production. Some time or other, the bank's manager requests the repayment of the debt. What happens then? In New Brunswick, for instance, someone who is shrewd enough to avail himself of the opportunity, can buy out, each autumn, the whole potato crop for a song because producers have to meet their loan repayments to the bank before their crop can be sold.

The same story happens also, Mr. Speaker, in other fields of production.

We need only consider maple syrup. In May or June, maple syrup producers in Beauce, because they have to pay their loans back to the bank, must sell their production to a certain dealer of the province of Quebec who is taking over maple syrup production.He buys it from the producer who has exhausted his credit with the bank and sells it in the fall for three times the price he paid for it.

If the Social Credit principle that any new production must be financed by new interest-free credit had been applied, the Maple Syrup Producers Association could have obtained interest-free credit on its maple syrup, a guaranty on its assets, its wealth, pending consumption. This way, the maple syrup producer would not be in the power of a few parasites who exploit both producers and consumers.

Many lumber contractors sell the outcome of their labours for peanuts because they cannot wait until their production has reached the consumers. How many producers are in danger of losing their whole production! They must sell to the first buyer available. They have always been exploited they cannot sell their production higher than cost and make a profit.

Mr. Speaker, I recall being in the Maritimes where I found that fishermen who had made good catches had to sell their fish for 3 or 4 cents per pound to parasites who got better terms from the banks. The fishermen who did not have the facilities to store their catches, prepare it for sale or can it, were at the mercy of the middlemen.

Producers of wheat, apples or potatoes and fishermen, both eastern and western, do not get interest-free loans which would enable them to survive until their production reaches the consumer.

Mr. Speaker, Social credit proposes a solution which would consist in giving the consumer the necessary purchasing power to buy the production. Even if I had all the necessary purchasing power to buy maple syrup, I would have to buy it according to my needs. That is why there is a time lapse before the producer can sell his commodities. This is also the reason why in the field of agriculture as in others, that from the time a tractor is manufactured up to the time it is sold to a farmer, there elapses a period of six, eight, nine months or even one year.

What happens, then? Manufacturers borrow money on which they pay interest at the rate of 1 per cent per month or the equivalent. This financial charge is added to the price of the tractor. In short, the consumer always pays in the end. Is it the producer's fault if he must wait for consumers?

This is why we, Créditistes, are saying that when production is ready for consumption it is social and precisely because it is social social credit must finance new production in order that it may reach the consumer and prevent all those parasites in our economic system from coming between the producer and the consumer.

[*English*]

An hon. Member: Free enterprise!

• (2110)

[*Translation*]

Mr. Rondeau: Mr. Speaker, I am for the free enterprise system but I am against the fact that some people, because they can get loans from banks, act not as private producers but as exploiters. On the one hand, they exploit producers and, on the other hand, they exploit consumers.

It is ridiculous to see that, during the ten years I have been sitting in this House, the government has introduced at least five bills on farm credit. At certain times, today for example, they say that farm credit must be developed. At other times they say that the interest rate on farm credit must be increased or they introduce another bill whose only purpose is to get the farmer into debt rather than enable him to free himself from those who exploit him between production and consumption.

Mr. Speaker, tonight I am taking the case of farmers because we are considering Bill C-5. But this system of

exploitation between production and consumption exists in all areas of our economy. How many manufacturers of furniture, for instance, could compete with big firms, if they could get credit on their inventory! But today, what do we see? At the end of every month, when the producer signs his form 88 for the bank, the banker becomes the owner of the producer's inventory. And no matter whether the goods are sold or not, delivered or not, paid for or not, the banker tells the producer: Repay your loan to the bank. This means that he demands that the money gets back to the bank before the producer is able to sell his production to the consumer.

This is the system in which we live, anti-scientific, "anti-private enterprise", which only allows parasites which come between production and consumption, to control, to exploit both.

There are quite a few other such examples we could give. That is why Major Douglas suggested a solution designed to finance public capital through the Bank of Canada so as to free our savings for the financing of private enterprise. That is why Créditistes are saying: We respect private enterprise. We believe in competition rather than in a system like ours in which a few individuals control our economy.

When I hear some people denounce the present capitalist system, I claim that it is through ignorance, since we are not living under a capitalist system but under a system of free economy where might is right, where some can stifle others, whereas under a Créditiste system, we would enable the small producer, by granting him credit on his production pending consumption, to enter into competition with the large enterprises. It is not the case today.

That is why we kick about prices and inflation. It is said that all prices increase. Why? Because in some sectors of our economy we have reached a point where monopolies do anything they wish with prices. They are the only ones on the market. They set the prices they want. Why? Because when the small producer who is competent, ingenious and capable starts a business, he does not have the financial means to support his inventory and continue production. Only monopolies and cartels are able to support inventories, and there is not a single political party in this House, except the Créditistes, that suggests a solution to help the small enterprises without causing any harm to the large ones, to allow small enterprises to stand the competition of the large ones.

For instance, the machinery manufacturer who supports an inventory of $500,000 starts production in January, makes his delivery in August and September and gets the money from his customers in December and January. Which means that during one year, he must finance production, delivery and collection. This is why we no longer see any small producers able to face competition. They bust before the giants, the tycoons of production.

But Social Credit proposes a solution according to which any new production must be financed by new credits. In other words, when a producer has an inventory of $100,000, he may get credit interest free so as to be able to keep on producing, while waiting for his products to reach the consumer and that he may receive some cash and pay back—

[Mr. Rondeau.]

Mr. Rose: This is an even more capitalistic system.

Mr. Rondeau: This is absolutely false. My hon. friend of the New Democratic Party says that this is an even more capitalistic system. It is precisely the reverse, it is false. Absolutely the reverse, it is true, I beg to differ.

Allowing small producers to produce and compete with the big ones, keeps the big ones down and allows the small ones to live. Whereas today, whatever control you set up, as the socialists are recommending, and if tomorrow morning the government takes over production in Canada, without small producers—

Mr. Rose: That is what Socialism is.

Mr. Rondeau: That is what you recommend. It is precisely because it is Socialism that we are in disagreement.

Mr. Rose: We heard you.

Mr. Rondeau: They have understood nothing. I disagree. We believe in the capitalist system, but not the present system. The New Democratic Party system is wrong. We are not living under a capitalist system now.

Mr. Rose: We are living under a free enterprise system.

Mr. Rondeau: We are living today in a system of economic liberalism where the big fellows stifle the small ones. That is why—

Mr. Rose: This is what the hon. member wants, free enterprise.

Mr. Rondeau: No, not free enterprise, but private enterprise. This is a different thing. The hon. member does not understand the difference between private enterprise and free enterprise.

Mr. Rose: The hon. member wants free enterprise at any cost.

Mr. Rondeau: I think that this evening I have touched the New Democrats on a sore point, because they have no solution to suggest for the production system. Their only solution is to monopolize and nationalize.

Mr. Rose: This what the hon. member wants.

Mr. Rondeau: No, this what my hon. friend wants; what we want is to enable more producers to survive within the framework of production. We want more producers to be able to face competition and to live on the outcome of their efforts.

Mr. Rose: What happens when they grow bigger?

Mr. Rondeau: Nowadays we fail to recognize the merits of the small producers; we stiffle them because they do not have the financial ressources which would permit them to carry inventories and compete with big enterprise.

Mr. Speaker, according to the social credit concept, new credit extended against finished products will be reimbursed through consumption and sales—

Mr. Rose: We will all be big producers, like Premier Bennett!

Mr. Rondeau: Mr. Speaker, we are in favour of competition and free enterprise, not for free enterprise—

Mr. Speaker, the Créditistes have a solution to offer in the field of finance because they have detected the problem. Without becoming socialists, we are in favour of private enterprise. We want to respect the small producers and we are offering a solution to the financial problems of today's small producers. We offer a solution for the financing of public capital as well as private enterprise and inventories which would allow producers to live in a private enterprise system.

[*English*]

Mr. Les Benjamin (Regina-Lake Centre): Mr. Speaker, after hearing our colleagues in the other two opposition parties tonight, I wonder how outnumbered one can get when it comes to the position of agriculture whether in Quebec, British Columbia or anywhere else.

Farm credit and its provision is, of course, a necessary part of agricultural policy. There has been no argument about that from any member of the House since the debate started. The question really is: To what ends will farm credit be applied and used? It is all very well to increase borrowing capacity to $100,000, but if this means an interest bill of between $7,000 and $8,000 a year to a farmer operating one or two sections of land whose net income is only $7,000 or $8,000 a year then, to quote the hon. member for Saskatoon-Biggar (Mr. Gleave), it is the road to bankruptcy.

• (2120)

If no more than farm credit is incorporated into the policies of this government or of any government, then we will continue down the road that has been deliberately trodden by the present government and the Conservative government before it, that of reducing the rural population of Canada. Unless farm incomes are sufficiently high to carry interest costs and repay principal, then the farmers are not only being led into bankruptcy but unless farm costs are held down as well, the cost-price squeeze accomplishes the government's objective of eliminating people on the land. That can be the only purpose of the present government. The practice of the government has been to denude rural Canada.

The government says its policy is to produce a viable agricultural industry. Farmers can be more efficient, says the government, if there are fewer people on the farm. If there are fewer people on the farm, then of necessity you must depopulate towns, villages and small cities. This is the risk the government is prepared to take in the name of what they call efficiency. In order to bring about this efficiency, the Minister of Agriculture (Mr. Olson) is prepared to give to farmers a credit of $100,000. If they live long enough to pay it back, fine. If they do not, the government will write it off and will be rid of yet another farmer.

Both the minister in charge of the Canadian Wheat Board (Mr. Lang)—and may the Lord continue to save us—and the Minister of Agriculture have repeatedly rejected the recommendations of the task force on agriculture. Repeatedly they have said that report is not government policy, that the task force recommendations are only a report. But every piece of legislation that the ministers have brought to this chamber since that report was brought down has been designed to implement the task force recommendations and conclusions.

Once again we have a sneaker in this bill. Under clause 1 the Minister of Agriculture is sneaking in in his sneakers. He has yet to present any legislation detailing his so-called small farm redevelopment program. If he gets his way in this bill he will empower the Governor in Council to implement the program without this House or any farm organization even seeing the program beforehand.

An hon. Member: Why don't you people shut up?

Mr. Benjamin: If hon. members behind the curtains are going to start heckling me, perhaps they would come out front and do so. The other little sneaker that the Minister of Agriculture has in this legislation is that he will be able in his own way to duplicate services that are now provided by several of the provinces, whether they be ag-rep services, lending services, grants, loans for various operations such as hog raising, and so on.

This is a catch-up operation on the part of the federal government. The federal government is behind certain provinces in the country. I am not giving all the credit to Saskatchewan and Manitoba; there are one or two other provinces that the federal government is behind and this program is the Minister of Agriculture's way of trying to catch up without bringing in legislation. He can also use the program as a club over the heads of the other provinces, or as a bargaining lever.

In this regard I was very interested to hear the remarks made by the hon. member for Lisgar (Mr. Murta) who quoted what the National Farmers Union had to say about the program. A couple of weeks ago I heard the hon. member for Mackenzie (Mr. Korchinski) ask the minister in charge of the Wheat Board whether, as a result of the sale of the national grain company to the Saskatchewan Wheat Pool, he could arrange for the boxcars and shipping orders assigned to Federal Grain to be divided among the other grain companies.

Some hon. Members: Shame.

Mr. Benjamin: So here we have the hon. member for Mackenzie as the friend of the private grain companies. When the private grain trade bought up other private companies, I do not recall any Tory asking whether or not their shipping orders and boxcars would be divided up, but it is a different story with the wheat pool.

Mr. Horner: Mr. Speaker, I rise on a point of order.

Mr. Deputy Speaker: Order. The hon. member for Crowfood (Mr. Horner) on a point of order.

Mr. Horner: While I do not want to constrict in any way the socialist party of Canada, surely the hon. member should stick to the question at hand, which is the lending of larger sums of money to farmers. This bill is not concerned with the grain trade and with whether or not a

wheat pool bought out a private industry or a private grain handling company bought out a wheat pool.

Mr. Deputy Speaker: Order, please. I think to some extent the hon. member for Crowfoot has made a point. However, I think there is a relationship between farm credit and matters that affect the farming community generally and I think the hon. member for Regina-Lake Centre is in order.

Mr. Benjamin: Mr. Speaker, I thank the hon. member for Crowfoot for raising that point. If he had raised it in the middle of his own speech he would have had a point of order. I repeat the point I was making. Members of the official opposition have been running around this chamber for the last couple of months trying to be on both sides of this question. But they can no longer have it both ways. At least my colleagues to my left, who are on the extreme right, take a position. However, when it comes to farm credit, on the one hand the Tories are saying that they have to protect the family farm and in the next breath they say, "But don't let those farmer-owned and operated outfits get too big, because this will mean they won't need as much credit, that there will be less need for the Farm Credit Corporation".

I was interested in the speech of the hon. member for Lisgar who spoke about small farms and I hope that he meant what he said this afternoon. Because if he is correct and if—heaven forbid—we ever have a Tory government again, then the national grain company will have to get out of the business of hog raising. Make no bones about it, Mr. Speaker, it must be one or the other.

• (2130)

Mr. Deputy Speaker: Order, please. The hon. member for Crowfoot is rising on a point of order.

Mr. Horner: Let me make it abundantly clear to you and the House, Mr. Speaker, that the national grain company and Mr. Heffelfinger are not friends of the Tory party. Mr. Heffelfinger is more of a Liberal party bedfellow.

Mr. Deputy Speaker: Order, please. I believe the hon. member for Crowfoot is entering the debate.

Mr. Benjamin: I am glad to hear that the Tory party is not in bed with the national grain company, or Mr. Heffelfinger or with the hogs.

Mr. Horner: That is exactly right.

Mr. Lang: He didn't say that.

An hon. Member: You have your Waffles.

Mr. Benjamin: We are kind of proud of them because they at least say what they are.

An hon. Member: They are pretty hoggish, too.

Mr. Benjamin: It is the ones who waffle from one side to the other that bother me. Just for the hell of it, Mr. Speaker, let us get back to farm credit. The hon. member for Lisgar quoted the president of the National Farmers Union. There is a real right-wing Tory for you and I find it amusing that if they want to be on both sides of the question they have to quote the president of National Farmers Union.

What the Tories forgot to quote from the president of the National Farmers Union is that the whole question of farm credit and the Farm Credit Corporation is not much good unless we have a national government that will do something about farm income and farm costs. Unless that happens, it does not matter whether we have the Grits or the Tories—and we have had one or the other for over 100 years. In the last 25 years, in spite of protests by the so-called Tory cowboys from the Prairies we have lost 400,000 family farm units in Canada. That has happened since 1945 even though we were unlucky enough to have a Tory government instead of a Liberal government during part of that time. Nothing changed when we had a Tory government.

I should like to congratulate the hon. member for Vegreville (Mr. Mazankowski). He made a speech today which I thought worthy of his holding an NDP membership card. I hope that statement does not cost him any votes. I am glad he said several things about farm efficiency and farm income, but I wonder why he did not ask why the farmers who increased their efficiency so much did not reap some of the benefits of this free enterprise system. Why did they lose so many family farms in Saskatchewan while at the same time productivity increased?

Unless the nation is prepared to approve subsidies directed at increasing farm income, farm credit goes down the drain. The hon. member for Saskatoon-Biggar (Mr. Gleave) put his finger on the situation when he said that something had to be done about farm income and farm costs because the policy of $100,000 in loans at 7 per cent or 8 per cent interest is a policy of bankruptcy.

There must be a substantial change in policies for rural Canada. Any government of this country must realize there is something fundamental, civilized, human, decent and economic about a viable rural community. I am not talking just about farms but the towns and villages that service them, the small cities that service the towns and villages and the factories in those large cities that service the small towns, villages, farms and so on down the line.

Many countries in the world deliberately use part of their natural wealth to keep people out of metropolitan centres. Many of my friends in this House have suggested that if for no other reason than to save dollars we must maintain these people on the land. There is another reason for keeping the people on the land even if you have to subsidize them two or three years out of five. It is more civilized, justifiable, humane and it saves dollars to keep them on the land rather than move them into Saskatoon, Regina, Toronto, Winnipeg or anywhere else. And that is where they want to be.

I wish the Minister of Agriculture were here during the debate on his bill, because he is the one who refuses to do anything about farm costs. The hon. member for Saskatoon-Biggar and myself raised the matter of fertilizer costs. We pointed out that farmers in Ontario and the western provinces are suffering at the hands of a cartel. At that time he shrugged his shoulders and said that if we had anything more than hearsay, he would be glad to look into it. I asked him to look into the situation a year ago. I sent him evidence of a fertilizer manufacturer in the city

of Edmonton, Imperial Oil Company—which is another friend of our Tory-type farmers—selling fertilizer in Saskatchewan at $20 a ton more than is paid for it in Montana. I think the name of the place in Montana is Deadwood, and that is where the Tories should be. When I wrote the Minister of Agriculture—

Mr. Mazankowski: Can you write?

Mr. Benjamin: My secretary wrote it by hand. When I wrote the Minister of Agriculture I sent him copies of customs certificates, purchase orders and bills of lading showing that it costs $20 per ton more for fertilizer in Saskatchewan than it does in Montana, 350 miles further away from the factory. The Minister of Agriculture, who is that great friend of the farmers—the minister who along with his colleague the hon. member for Saskatoon-Humboldt is going to save the family farm—wrote me a letter on August 10 in which he said:

> There are a number of companies competing for the fertilizer market in Canada and the absence of any import tariff also allows competition from abroad, thus preventing any one supplier from cornering the market.

If you will pardon my French, that is a bunch of crap. There are no companies importing fertilizer into Canada, but the companies that are manufacturing fertilizer, including the one in Medicine Hat from where the Minister of Agriculture comes, in Edmonton and Calgary are selling it in the three prairie provinces at $20 to $30 a ton more than you have to pay for it in North Dakota, South Dakota or Montana.

Mr. Horner: What are the co-ops doing about that?

Mr. Benjamin: The co-ops are doing something.

Mr. Horner: What?

Mr. Benjamin: They depend on their suppliers, and if they sell it at a lower price the suppliers will discontinue the supply. If you want to put that to the CPR and other suppliers, I invite the hon. member for Crowfoot (Mr. Horner) to do so.

Mr. Horner: I will, because I do not believe your words.

Mr. Benjamin: The Minister of Agriculture can loan $100,000 to every farmer in western Canada at 7 per cent or 8 per cent—

Mr. Horner: And you will support it.

Mr. Benjamin: —but when it comes to paying $7,000 or $8,000 interest per year on those loans, that is a different story. I am sure the Minister of Agriculture will continue to follow free enterprise policies in respect of agriculture, most of which were brought forward by the Tories when they were in power.

An hon. Member: This guy is a Waffle. Laxer will take care of you.

Mr. Horner: I wonder if Stephen Lewis knows about you. I did not say David; I said Stephen.

Mr. Benjamin: That is why he is not here. These private enterprise agriculturalists amuse me. They say they are bright, individual, free-wheeling types who brought themselves up by their own bootstraps. This reminds me of the private enterprise, big-wheeling rancher who complains about the land bank in Saskatchewan while he is sitting on 80 sections of Crown land.

• (2140)

Mr. Horner: Is that Alf Gleave?

Mr. Benjamin: No. Alf sold all his land, all one-quarter section of it. But the big enterprise, private agriculturalist, whether Tory or Liberal, is the one in Saskatchewan and southern Alberta who has been sitting on 50, 60 or 80 sections—it is easier to keep track of it by townships—of Crown land. It is this type of person who tells us he brought himself up by his own bootstraps. The son obtained the land from the father, the father obtained it from the grandfather and the grandfather stole it from the Indians.

These are the private enterprise agriculturalists who brought themselves up by their own bootstraps. I have listened to these fellows since I was knee high to a blade of grass. The Liberals and Tories always talk about the independent, free enterprise agriculturalists. For the past 25 years while they have been talking, we have lost half our family farms.

The Minister of Agriculture will try to sneak in his small farm development program. There will be some noise from the other private enterprise agriculturalists, but he will try to sneak this in in clause 1 of the bill without parliament having seen any legislation. It is not only a matter of the people who are trying to save family farms getting elected in the next election; it is more important that we get rid of the Tories and Liberals who have destroyed rural Canada during the last 25 years. We have had instances of private enterprisers talking about lending money to farmers at 7 per cent or 8 per cent and then killing them with rising prices and farm costs. We will support a $100,000 loan.

Mr. Korchinski: Handled by the credit union.

Mr. Benjamin: You bet. I hope the credit unions get all the lending business, and I hope the private banking friends of the hon. member for Mackenzie, the loan and trust companies, go belly-up tomorrow. So far as I am concerned, farm credit should be handled and operated entirely by the co-operative movement in the three prairie provinces, and I challenge my friend from Mackenzie to argue that point with me.

Mr. Horner: Challenge me.

Mr. Benjamin: I will.

Mr. Deputy Speaker: Order, please.

Mr. Benjamin: I shall finish off with the Liberals because the Tories are still sounding like 1890. They are trying to be all things to all people. I want to mention one other item which I believe has been overlooked in this debate, although I may be wrong. Under the provisions of the bill, the maximum loan is $100,000. I wonder whether anyone has thought about this in relation to the Veterans'

Land Act under which the maximum one may borrow is $40,000. The Veterans' Land Act requires assets as security. I ask the government why it is increasing the borrowing capacity under the Farm Credit Act and is not doing the same thing in respect of the Veterans' Land Act.

Mr. Korchinski: And the credit union.

Mr. Benjamin: And why is the credit union not doing all the lending? The Minister of Agriculture, of course, will answer that a veteran who has reached the maximum of $40,000 under the Veterans' Land Act can transfer it to the Farm Credit Act and borrow up to $100,000. That is perfectly true. But surely the veteran should have some special, built-in privilege. May I correct that and say he should have some special, built-in "right". Under the Veterans' Land Act it takes too long to have a loan processed. The process is too long and the land gets away; someone else buys the land in the time it takes a veteran to transfer his application from the Veterans' Land Act to the Farm Credit Act. Why should there not be equivalent amendments to the Veterans' Land Act? Surely the veteran should be given a special right and privilege in this regard.

Other groups can increase their holdings and assets under the Farm Credit Act. Unless the government brings in equivalent or even better changes under the Veterans' Land Act, the veteran will have no choice but to transfer his borrowing power to the Farm Credit Corporation. This would take some time. Some of these veterans have been established since the end of the Second World War. They are being left out of the deal. Surely there should be an amendment in respect of their legislation which would be equivalent to or better than the amendments to the Farm Credit Act. I ask the minister or someone speaking on his behalf to reply to this matter in the House, or at least to do so before the committee.

Despite what the Minister of Agriculture said, any amendment to the Farm Credit Act will not be sufficient unless we have a national government which will do something about farm income and costs in order that farmers will be able to obtain and repay the kind of loan the minister proposes for them.

Mr. J. H. Horner (Crowfoot): Mr. Speaker, I should like to speak to the subamendment moved by the hon. member for Assiniboia (Mr. Knight). I assure the House that I shall not be long. I shall not delay the passage of this bill to any extent. I want to assure you, Mr. Speaker, that there is some meaning to the words "where young farmers meet performance standards". We see a number of programs brought forward by the government from time to time. I refer to programs such as the Opportunities for Youth program in respect of which I believe most prairie members and Conservative members feel there are not enough criteria which must be met. It has been said that this really does not matter, that the programs have met certain standards and have passed certain boards.

• (2150)

We believe that the government is handing out bonuses to industry, and I call them just that. Last night, in the budget, big and small manufacturing industries received a reduction in income tax, which will do nothing other than encourage big business and big industry to modernize their plants, put in one more machine and lay off two men. That is all it will do. We do not see all kinds of government bonuses being handed out to people in the agricultural industry.

Because of the high average age of farmers, only 2 per cent of loans made to date under the Farm Credit Act have been made to farmers aged 25 and less. I see some members shaking their head. I suggest they check the evidence and they will see that what I am saying is true. Let them look at the Dominion Bureau of Statistics farm credit analysis publication, where they will see that 2 per cent of the loans made by the Farm Credit Corporation are to farmers aged 25 years or less.

We must make special provisions to encourage young people to return to agriculture, because the average age of the farmer at present is 58. The small farm development program is ineffective, yet the Minister of Agriculture (Mr. Olson) says he will go ahead with it. A detrimental measure was proposed in Saskatchewan which in essence would nationalize farms in that province. As reported in the Winnipeg *Free Press*, Mr. Messer, the minister of agriculture of the Saskatchewan government, said he wants to socialize Saskatchewan farms. He does not beat about the bush.

Mr. Mazankowski: That is what the hon. member for Regina-Lake Centre (Mr. Benjamin) wants to do.

Mr. Horner: The hon. member for Regina-Lake Centre (Mr. Benjamin) and the hon. member for Saskatoon-Biggar (Mr. Gleave) said they will not support our amendment. They want to socialize farms in the whole of Canada, not only in Saskatchewan.

Some hon. Members: Shame.

Mr. Horner: I quote from the Winnipeg *Free Press*:

> Mr. Messer said flatly he looked on the program as a revival of the Regina manifesto of 1933. And he said he was satisfied the present Saskatchewan government wants to socialize Saskatchewan farms.

Mr. Speaker, I hear some nattering behind me from the hon. member for Saskatoon-Biggar. As the hon. member for Regina-Lake Centre said, the hon. member for Saskatoon-Biggar sold his farm, so why should he worry now? I have reason to believe that he is living in the penthouse of one of the better apartment buildings in Ottawa, so why should he worry?

Mr. Deputy Speaker: Order, please. Is the hon. member for Regina-Lake Centre rising on a point of order?

Mr. Benjamin: It is a double point of order, Mr. Speaker. First, I wish to correct the record. The hon. member for Crowfoot was not right when he quoted me; he was incorrect. The hon. member for Saskatoon-Biggar did not sell his farm; he sold his tractor. My second point of order is to ask you to rule now whether the point of order which the hon. member for Crowfoot raised would not be in order.

Mr. Deputy Speaker: I respectfully suggest that the first was not a point of order. As to the second one, I think the hon. members are equal.

Mr. Gleave: I rise on a point of order, Mr. Speaker. I wish to thank the hon. member for Crowfoot (Mr. Horner) for complimenting me on where I live. Let me point out that he happens to live in the same place.

Some hon. Members: Oh, oh!

Mr. Horner: This is nonsense, Mr. Speaker. We are debating a serious piece of legislation which concerns the lending of money to younger people. The age is lowered from 21 to an unspecified age depending on the law in each province. The age may be 19 or 18. In fact, in most provinces it is 18. I am dealing with our amendment and the subject matter of the poor, weak and inept amendment moved by the hon. member for Assiniboia.

As to the idle remarks of the hon. member for Saskatoon-Biggar who suggested that I live in the same apartment block as he does, I do not deny that. However, I live on the third floor, while he lives in the penthouse. Do I know what is going on in that apartment? I am not debating whether he sold his tractor or his farm. He knows what he sold. Furthermore, his constituents will know what he sold. They will know whether he has divorced himself from the land. If he will have a farm sale and call in an auctioneer, I would like to offer myself as auctioneer.

Mr. Deputy Speaker: Order, please. The hon. member has two or three minutes left, and I respectfully suggest that we return to the subject matter of the bill.

Mr. Horner: Mr. Speaker, I rise on a point of order with regard to the remarks you made when I drew your attention to the fact that the hon. member for Regina-Lake Centre did not stick to the subject matter of the bill when he said that the wheat pools had been bought out by the private grain companies. Then he said I was not dealing with the subject matter of the bill and raised a point of order. In fact I was dealing with the bill. Then, Mr. Speaker, you said that we were both equal. To me this lends nothing to the debate. I do not want to cast reflections upon your ruling—

Mr. Deputy Speaker: Order, please. The hon. member for Crowfoot knows that when the hon. member for Regina-Lake Centre raised his point of order, I ruled in favour of the hon. member for Regina-Lake Centre and indicated that generally speaking when hon. members were dealing with agricultural matters they were relating them to farm credit. When the hon. member for Crowfoot was speaking, the hon. member for Regina-Lake Centre raised a similar point of order and I then ruled in favour of the hon. member for Crowfoot. I think hon. members were in order, generally speaking. It is a very wide-ranging debate.

PROCEEDINGS ON ADJOURNMENT MOTION

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

Proceedings on Adjournment Motion

MANPOWER—LOCAL INITIATIVES PROGRAM—FUNDS ALLOCATED, AMOUNTS SPENT, APPLICATIONS RECEIVED BY PROVINCES

Mr. John Burton (Regina East): Mr. Speaker, on February 25 I asked the Parliamentary Secretary to the Minister of Manpower and Immigration (Mr. Perrault) whether he would be prepared to make public the allocation of funds under the Local Initiatives Program for each province, and whether he would also be prepared to make available at the earliest possible date information on the amount of money spent in each province and the total number of applications received from each province under this program. On a number of occasions I consented to postpone taking up this matter in the adjournment debate. The most recent occasion was last Thursday night when the parliamentary secretary asked if I would postpone raising the matter that night. I can understand why he did so: it was because the Minister of Manpower and Immigration (Mr. Mackasey) had another announcement to make the next day about the extension of the program.

• (2200)

I have taken note of some of the information that has been made available since that time both by way of news releases and answers to questions posed in the House by the hon. member for Winnipeg North (Mr. Orlikow) and myself. It has been revealed that $152 million will be spent under the Local Initiatives Program, on the basis of present information and before the extended time and amounts are taken into account.

I think it is worth while to take note of some of the distribution of these expenditures across Canada. In analysing some of this material we find that a high percentage of these expenditures was made in the Atlantic provinces and in the province of Quebec. Some 42 per cent of the total amount available under LIP was spent in the province of Quebec and 21 per cent in the four Atlantic provinces. In both cases these figures were considerably higher than the proportion of unemployment in those provinces in relation to total unemployment in Canada. There was one answer given to the hon. member for Winnipeg North that I found rather disturbing. That was the answer to the question:

What criteria were used in the provincial allocations for both municipalities and local groups?

The answer was:

The allocation was made proportionate to unemployment in the provinces to the base rate of 4.5 per cent unemployment and adjusted for out migration and native population that would not otherwise be reflected in unemployment figures.

In addition to the use of the unemployment figure itself, this of course is quite valid and in line with what some of us have advanced for some time, that account be taken of the out migration factor and of native population because they are not included in the normal labour force figures. However, I submit that these criteria do not take account of other factors in the economy, particularly of the underemployment that we have in some regions of the country.

The fact is that income levels are lower in some parts of the country than in others—in the prairie provinces, to give one example—and these lower income levels are a

reflection of underemployment, which means only partial employment or something different than a straight unemployment figure. This should be taken into account as well. Also, there are different characteristics in the labour forces of the various provinces. No account is taken of the fact that in some parts you have different participation factors in the labour force, particularly as a result of the rural-urban ratio of the population. Where there is a higher rural ratio this will mean a lower formal participation factor in the labour force as a whole. This factor should be taken into account.

I find that only 2.8 per cent of the total program expenditures have been allocated to my province of Saskatchewan. I must say, Mr. Speaker, that while recognizing some of the problems in other parts of the country, we have a case that must also be considered. We have needs and problems that deserve consideration. But we find that whether it is the regional incentives program, some of the manpower programs or LIP, we are not getting our fair share of the programs. We find that a very high percentage of the program expenditures are going to the province of Quebec. I have to say this, while recognizing the serious nature of some of the problems that exist in that province. For example between July, 1971, and February, 1972, 61.1 per cent of all industrial incentive grants went to the province of Quebec.

Last week we had an announcement by the Minister of Manpower and Immigration that the Local Initiatives Program was going to be extended until September 30. Although there are some deficiencies in the program, which have been outlined by my leader, I welcome this extension. Also, I welcome the addition of $30 million in funds to be made available, but am disappointed to learn that no new projects will be considered as a result of the extension of the program. As I understand it, the only projects that will be assisted are those for which assistance has already been given. However, Mr. Speaker, there are communities of some size in this country which up to the present have not received any assistance under the Local Initiatives Program and I submit—

Mr. Speaker: Order, please. I regret having to interrupt the hon. member, but his time has expired.

Mr. Ian Watson (Parliamentary Secretary to Minister of National Revenue): Mr. Speaker, in replying to the hon. member for Regina East (Mr. Burton) I will try to supply him, on behalf of the Parliamentary Secretary to the Minister of Manpower and Immigration (Mr. Perrault) for whom I am replying tonight, with some figures for which he asked. As of April 14, 1972, the following sums of money have been committed to applications approved under the Local Initiatives Program. These totals will vary as the projects progress, since adjustments involving contractual changes are sometimes necessary after the final approvals have been negotiated. I am now prepared to inform the hon. member that amounts allocated in each province are as follows: Newfoundland, $9,900,113; Nova Scotia, $10,395,996; Prince Edward Island—

Mr. Burton: I already have those figures.

Mr. Watson: The hon. member says he already has those figures. I hold in my hand a list showing total amounts and numbers of applications received from each province under the Local Initiatives Program. If the hon. member wishes, I will put these on the record. The hon. member indicated that he has certain figures in his possession. However, I wonder if he would like me to put the first list of figures I mentioned on record, if time permits.

Mr. Burton: Yes, Mr. Speaker.

Mr. Watson: The following sums have been committed to applications approved under the Local Initiatives Program: Prince Edward Island, $2,047,394; New Brunswick, $9,173,511; Quebec, $62,698,549; Ontario, $22,175,018; Manitoba, $5,365,159; Saskatchewan, $4,029,126; Alberta, $8,027,544; Northwest Territories, $1,039,483; British Columbia, $13,670,599; Yukon, $428,058.

As I said, I hold in my hand a list showing the total amounts and numbers of applications received from each province under the Local Initiatives Program. The amounts are set out together with the number of applications received from those communities.

Mr. Burton: What about communities that have not received any help?

Mr. Speaker: Order, please.

Mr. Watson: I do not think there is time for me to put on record the totals of the applications. May I indicate to the hon. member for Regina East that the special factors which he indicated as having a bearing on the Saskatchewan scene will be brought to the attention of the minister.

FISHERIES—ATLANTIC SALMON FISHERY CLOSURE—REASON FOR OMISSION OF NOVA SCOTIA, NEWFOUNDLAND AND QUEBEC RIVERS

Mr. Thomas M. Bell (Saint John-Lancaster): Mr. Speaker, I want to talk about certain aspects of the ban on salmon fishing that has been referred to in this House. I am pleased to see the minister in his place. I know he has been busy. With the election scare, ministers have been running all over the country in their own private airplanes and smuggling in a little politicking, so to speak. In the interests of the well-being of the nation, I think the Prime Minister (Mr. Trudeau) had better declare pretty soon whether there is to be an election immediately or next fall, so that we can get down to business and know where we stand.

The Minister of the Environment and Minister of Fisheries (Mr. Davis) has a better record than most for attending during the "late show". I appreciate his being here this evening to reply to the question I raised earlier as recorded on page 1556 of *Hansard*. The narrow business at that time was with respect to the salmon ban on the rivers of New Brunswick only. I asked why rivers of other provinces have not, except in one case, been closed. I was particularly interested in Quebec. The minister said then, as he had said previously, that parallel action was planned in Quebec. I should like to get a fairly definitive statement as to what is meant and what is to be done. According to my information, there is not to be a ban in Quebec. There is to be a slight seasonal restriction similar to the sort of restriction which was imposed in New

Brunswick in previous years before the outright ban was introduced.

• (2210)

We have the ironic situation in the north of New Brunswick, the Bay of Chaleur and the mouth of the Restigouche River, where the salmon fishermen are completely restricted on one side of the river while in Quebec they will be furiously fishing for salmon without any ban. I make the contention again, as I did when I asked these questions, that the minister should apply the ban to all the rivers in Quebec or should have negotiated with Quebec and found out where we fit before he banned the rivers in New Brunswick. This also applies to Nova Scotia. There are only two minor rivers there, St. Mary's and Margaree. They could have been banned, in the interest of fairness, as well as those in Newfoundland.

While the minister is answering, if he has time he should mention some other matters that I think have been subject to half-truth and misrepresentation by the minister and his officials. First, there is the matter of consultation with fishermen. At page 1607 of *Hansard*, the second column, the minister said:

—we have been in touch with the fishermen, and the fishermen agree with our approach.

My information from the fishermen is that none of them was approached in the official way which was promised. The minister should either now or later detail the exact times and places when he had consultation with the fishing associations about this full closure. Second, I would like to know what pollution has to to with this business. The minister mentioned that some rivers have more pollution than others. He referred to the pollution of the Saint John River. Frankly, I cannot fit the pollution part in, recognizing there is serious pollution in the Saint John River. I do not understand how a salmon ban will change the pollution in the river.

The third matter that came to my attention the other day is that there is no record of the return of salmon to the rivers in New Brunswick from Greenland. I would like the minister to comment on that. I understand from brochures I have that as late as 1969 and 1970 the department admitted there was not any proof by tagging of the return of salmon from Greenland. There is certainly a record of Atlantic salmon from New Brunswick all over the Atlantic, which are being caught and tagged. However, to my knowledge there is no record of salmon being tagged in Greenland and returned to New Brunswick. It may be an exercise in futility unless we have more facts on that matter.

I hope the minister will bring us up to date on a matter about which I understand negotiations are still continuing. That is the matter of compensation and the fact that in the meeting last Thursday there apparently was an almost direct refusal by the fisheries people, that is, those who represent the unions in Fredericton, New Brunswick, who turned down the compensation that had been offered. I want to give the minister time to refer to as many matters as possible. I point out to the minister that this is unique in the sense that the fishermen have not asked for compensation. They are being told they should stop fishing and there will be compensation. There should certainly be a very generous offer to them.

I have been here a long time, too long perhaps, but I do not think I have missed one year in making the suggestion that we have a massive program of study for the salmon. We are now finding that we do not have all the knowledge for this unique fish. I do not know whether the minister or the departmental officials are to blame, but he has to deal with this question on a piecemeal basis each year. First there were restrictions on the passing down of salmon rights. We were told that this would apply only to bona fide fishermen. They made plans on that. The season was then cut down and the fishermen co-operated fully in that regard. Having gone through that whole period of adjustment with their families, what little money they received was completely cut off this year. The possibility of being able to do some fishing is one thing, but they are cut off completely this year. If there is to be compensation, I urge that it be on a generous scale.

Hon. Jack Davis (Minister of Fisheries): I should like to answer the hon. member in this way. We have been looking at the Atlantic salmon situation in terms of the entire east coast, not in terms of the individual provinces. We have been very much concerned about the large salmon, not so much about the smaller salmon commonly referred to as grilse. The principal large salmon rivers are, generally speaking, on the mainland. The best rivers are in New Brunswick and Quebec. I have stated in the House that Quebec is expected to take—indeed, I think I said "will take"—formal action with respect to closure for a period of years at least of the big salmon rivers.

As far as the commercial fishery is concerned, I discussed this matter at length yesterday with the minister responsible for fisheries in Quebec City and after an explanation of our attitude he again said he would endeavour to follow our approach as quickly as he could. A problem could arise if there were not close co-operation with Quebec with respect to those rivers, including the Matapedia and the Restigouche, which flow into the Bay of Chaleur. There must be an identical policy with respect to these rivers because Quebec fishermen are on one bank and New Brunswick fishermen are on the other.

We have offered compensation to New Brunswick commercial fishermen to cover the period during which fishing for salmon will not be allowed and we have proposed to the Quebec government that through the Quebec administration identical offers should be made to the commercial fishermen on the Quebec side of the Restigouche. There I believe there will be an identical policy on both sides of the rivers flowing into the Bay of Chaleur. The hon. member asked about rivers in Nova Scotia, Newfoundland and Labrador.

Mr. Deputy Speaker: Order. I regret to advise the hon. minister that his time has expired.

TRANSPORT—PROPOSED LINKING OF KOOTENAY AND ELK RAILWAY TO U.S. LINE—REQUEST FOR ACTION TO PREVENT MOVEMENT OF COAL TO U.S. PORTS

Mr. John L. Skoberg (Moose Jaw): Mr. Speaker, on May 5 I asked a question concerning the proposed linking of the

Kootenay and Elk Railway with the Burlington Northern line which would be used to haul coal via the United States to Roberts Bank. On May 2 the leader of the New Democratic Party asked the Minister of Transport (Mr. Jamieson) whether he was considering amendments to the Railway Act which would give the Railway Transport Commission authority to take the public interest into account when dealing with applications which came before it. The minister replied that he had not had time in which to read the judgment, but indicated he wanted the maximum amount of Canadian products to be moved over Canadian rails and would be glad to consider any legislation or any other changes which might achieve such an objective.

On May 3 I sought to move the adjournment of the House under Standing Order 26 to discuss the carriage of coal by rail from the East Kootenays to Roberts Bank, B.C., by the United States route. This motion was not allowed. Again, on May 4 my hon. friend from Kootenay West (Mr. Harding) asked several questions and attempted to quote what Mr. Justice Hall had said in the Supreme Court judgment. However, Mr. Speaker suggested an attempt was being made to deliver a speech. Somehow, every time questions come up concerning railroads or railroad jobs, people do not appear to be much concerned. However, in this case thousands of jobs could be involved. When we consider what the ruling of the Supreme Court could mean, it should be clear why there is real concern. One of the Canadian Transport Commissioners, Mr. Griffin, had this to say in the board's decision on this application:

• (2220)

> In my view, the committee has a discretion and can refuse to make an order, though the matter of safety be satisfied, if by reason of the public interest, or for any other adequate reason, it appears just and proper to do so.

He went on to grant application No. 1. After the decision of the Canadian Transport Commission, the Kootenay and Elk Railway Company and Burlington Northern Incorporated appealed the decision to the Supreme Court of Canada, resulting in a five to four decision which declared that the Canadian Transport Commission had erred in their judgment. It should be realized that Crows Nest Industries Limited is a shareholder of Kaiser Steel Corporation, the parent of Kaiser. One of the incorporators of the Kootenay and Elk Railway was chairman of the board of Crows Nest Industries Limited and a director on the board of Kaiser Steel Corporation. Kootenay was incorporated as, and remains, a wholly-owned subsidiary of Crows Nest Industries Limited.

I should like to quote what Mr. Justice Hall had to say in the Supreme Court of Canada decision:

> I do not find any provision or undertaking that if the applications now being sought are granted, that Burlington will necessarily continue to use the Roberts Bank facility.

I might point out that the Canadian government has put millions of dollars into this facility.

> I see nothing in the record to prevent Burlington from using or creating another port in the state of Washington for the loading of this Canadian product destined for Japan. As a matter of fact, in the evidence of R. W. Downing, executive vice-president of Burlington, it is said that "the first discussions were directed toward moving the coal through a United States port", but later it was decided to use Roberts Bank as the only port with facilities to handle unit trains.

Further on, Mr. Justice Hall had this to say:

> The whole scheme would appear to me to be the classic case of a foreign conglomerate in concert with related Canadian companies so manipulating the enterprise that the export of Canadian jobs would be the result. That surely was a proper matter for the commission to consider and weigh. There is nothing in the record to indicate that CPR is unable for lack of equipment or personnel to carry all the coal going from the Sparwood area to Roberts Bank to fulfil present or future Japanese contracts and it is significant to observe that Burlington proposes to charge the same rate as CPR.

The first words of the Minister of Finance (Mr. Turner) when he came into office last February was that his most urgent priority was jobs, and in his budget speech last night he said this remains his first priority. It appears to me that the members of the House are not aware of the situation here. If Kootenay and Elk are granted a common carrier licence there is every indication that not only will coal be hauled along the lines of Burlington Northern to Eureka in Montana and then west either to Roberts Bank or to Seattle, they will also haul lumber from British Columbia down to Eureka and then to markets east. This lumber may have come from the Kootenays and would have gone east to Calgary, Moose Jaw, Winnipeg and then south to the Chicago market. Resources from that area could well be hauled by this common carrier down through Montana on the Burlington Northern and then dispatched in either direction.

If the government is to be consistent with respect to what the Minister of Finance said last night, it is absolutely necessary to introduce amendments, as proposed, to the Railway Act which will take into consideration the interest of the public and other considerations. Time is slipping past. The government should be concerned about this matter. I hope it will take the initiative of introducing amendments to the Railway Act, that the House will pass them and the Canadian Transport Commission will rule on the application of Kootenay and Elk and Burlington and Northern Incorporated, thus saving thousands of jobs in Canada.

Mr. Ian Watson (Parliamentary Secretary to Minister of National Revenue): Mr. Speaker, the link between the question asked by the hon. member for Moose Jaw (Mr. Skoberg) and the responsibility of the Minister of National Revenue (Mr. Gray) is tenuous but I will attempt on behalf of the minister to respond to the hon. member's question.

As the hon. member realizes, the legal implications of the matter to which he alludes are extremely complicated. Despite the protracted legal exercise that has already occurred, it is far from clear what, if any, additional steps the various parties will take. The hon. member for Okanagan Boundary (Mr. Howard) has already spoken to me, to my minister and to the Minister of Transport (Mr. Jamieson) regarding the very serious issues and implications involved in this controversy, and the hon. member has not ceased to make the government aware of his concern and deep interest in the resolution of this matter.

At stake in the issue raised before the Canadian Transport Commission and subsequently before the Supreme

Court of Canada by the Kootenay and Elk Railway and the CPR is the question of whether coal will be carried from southeastern British Columbia to the west coast port of Roberts Bank via a United States railway employing United States workers, or via a Canadian railway employing Canadian workers. I have no hesitation in indicating that as far as I am concerned, Canada's national interest must prevail if the matter raised by the hon. member tonight passes the hypothetical stage.

The Minister of Transport, replying in the House of Commons on May 2—this has been quoted already tonight—made it perfectly clear that he wanted to see the maximum amount of Canadian products moved over Canadian rails. The original application of the Kootenay and Elk Railway has been dealt with by the CTC and has been the subject of a Supreme Court decision, as the hon. member has already indicated. The parties affected by the decision are now in receipt of it and presumably are considering what steps, if any, they will now take in light of this decision. So far, to my knowledge, none of the parties has indicated what will be their next step. Until then the government will continue to examine thoroughly the implications of the submission and issues raised before the CTC.

Motion agreed to and House adjourned at 10.29 p.m.

HOUSE OF COMMONS

Wednesday, May 10, 1972

The House met at 2 p.m.

PRIVILEGE

MR. BURTON—DELAY IN APPEARANCE OF MINISTER OF REGIONAL ECONOMIC EXPANSION BEFORE STANDING COMMITTEE

Mr. John Burton (Regina East): Mr. Speaker, I wish to raise a question of privilege concerning the failure of the Minister of Regional Economic Expansion to make himself available at reasonable times to appear before the Standing Committee on Regional Development, despite assurances to the House and the committee, to answer questions concerning the apparent failure of the minister to comply with section 16 of the Regional Development Incentives Act and the manner in which delays in appearances by the minister are preventing the committee from carrying out its responsibility to examine the estimates of the Department of Regional Economic Expansion.

The facts are as follows. Section 16 of the Regional Development Incentives Act states:

> The Minister shall, within 40 days after the 6th day of August, 1969 and monthly thereafter, or, if parliament is not then sitting, on any of the first days thereafter that parliament is sitting, submit to parliament a report respecting the administration of this Act.

The Minister of Regional Economic Expansion gave his interpretation of his statutory obligations in the House and in the standing committee on June 6 and June 16, 1969, and also on February 28 and 29 and on April 27, 1972. These statements made it clear that the minister undertook to give accurate and up-to-date information on grants under the Regional Development Incentives Act.

On April 27, the minister promised the Standing Committee on Regional Development to clarify as soon as possible the issue of a grant of $6.1 million to McCain Foods Limited, a grant which was not reported to parliament. On the same date the minister agreed to attend before the committee again at the earliest opportunity, possibly on May 5. Since that time the committee was informed that the minister was not available on May 5 and that his next appearance would be on May 18. Subsequently, that date was changed to May 17, and yesterday the chairman of the standing committee informed the members that this date had been altered to May 24. A relevant factor to be considered by members of the committee is the real possibility that the House may be dissolved before that date. Thus, the minister may not appear before the standing committee at all. It is apparent that at least in one case involving a grant of $6.1 million section 16 of the Regional Development Incentives Act has been breached. It is clear that for some reason the minister finds it inconvenient to clarify the issue before the proper forum, namely, the standing committee, as soon as possible.

• (1410)

Another question must also be considered. I submit that the instance just mentioned raises the probability that the minister has failed to report to the House as required by law other grants involving considerable sums of public funds. Only the minister can deal with these matters and some members of the committee have pressed for further appearances by the minister last week and this week at committee and subcommittee meetings.

It should also be noted that under the rules of the House the estimates are referred to committees for examination. Under the rules estimates must be reported back to the House before May 31 regardless of the stage of consideration. If a minister is unwilling to appear before the committee at reasonable times and on a sufficient number of occasions, it is impossible for the members of the committee to carry out their responsibilities in examining spending estimates before they are voted on by parliament. If such examination is thwarted it strikes at the heart of parliamentary institutions and infringes on the rights of members. If Your Honour finds that I do have a question of privilege, I am prepared to move the following motion, seconded by the hon. member for Winnipeg North Centre (Mr. Knowles):

> That the question of ministerial appearances before standing committees during consideration of spending estimates be referred to the Standing Committee on Privileges and Elections for study and report thereon and that the committee give particular study to apparent delays by the Minister of Regional Economic Expansion in making further appearances before the committee.

Mr. Speaker: The hon. member for Regina East has given the Chair notice of his intention to raise the matter to which he has alluded by way of a question of privilege. The hon. member knows, as I am sure the House does, that the question of ministerial appearances before committees of the House is as old as confederation, actually as old as parliament, certainly going back longer than 100 years.

What the hon. member is bringing before the House at this time and what he would like the House to consider further, either directly or through one of its other committees, is certain proceedings of a committee. There is a long established rule and it is the tradition of the House that matters before a committee are dealt with by that committee, and if any difficulty arises during the course of the proceedings of any hearings held by the committee this should be indicated either in the committee's report or in the course of debate in the House on the report submitted by the chairman of the committee on behalf of its members.

There is also an alternative aspect to this matter. The hon. member seems to put in question the conduct of the minister in relation to the administration of his department or the application of his statutory obligations. Obvi-

ously this ought to be placed before the House in the form of a specific charge. All hon. members know how this has to be done. Certainly it cannot be done indirectly by way of a motion of the type submitted by the hon. member.

I would suggest that nothing would be gained by having a dispute between certain members of the committee and the minister brought to the House for consideration by way of a question of privilege. I might add that this matter was brought to the attention of the House previously under the guise of questions or a motion under Standing Order 43. When the Chair was invited to rule on the matter the Chair suggested at that time, and I do so again today, that this is a matter for consideration by the committee itself.

[*Translation*]

ROUTINE PROCEEDINGS

COMMITTEES OF THE HOUSE

JUSTICE AND LEGAL AFFAIRS

Second report of Standing Committee on Justice and Legal Affairs—Mr. Gervais.

LABOUR, MANPOWER AND IMMIGRATION

Second report of Standing Committee on Labour, Manpower and Immigration—Mr. Portelance.

[*Editor's Note: For text of above reports, see today's Votes and Proceedings.*]

* * *

[*English*]

BUSINESS OF THE HOUSE

CONSIDERATION OF BILLS INCREASING CERTAIN PENSIONS

Hon. Allan J. MacEachen (President of the Privy Council): Mr. Speaker, I wish to say a few words about the business of the House. I have had meetings with the opposition House leaders and there is a general disposition to proceed as quickly as possible with the amendments to the Old Age Security Act and the veterans bill. It is understood that all members want to have these pension increases in the hands of the pensioners as early as possible. I am advised that if these increases are to be in their June cheques and in the hands of the pensioners by the end of June, it would be necessary to have the bill passed by the end of next week. For that reason I am asking that the customary notice be waived and that we begin second reading of the Old Age Security Act amendments today. Because of the time factors affecting the receipt of the pensions, I think hon. members will see the validity of making this special arrangement in this particular case.

Mr. G. W. Baldwin (Peace River): Mr. Speaker, we are prepared to agree that this be done and that these long overdue amendments be now brought in. I would have preferred to give this consent several months ago. However, there has been one suggestion made which would not in any way impair our proceeding to pass this bill. We were debating Bill C-5 last night and the debate was almost brought to a conclusion. There has been a suggestion that, provided it is the feeling of the House expressed in the form of an order, all questions which need to be put in respect of the second reading of the bill dealing with the Farm Credit Corporation be put within half an hour for the purpose of second reading and sending it to the committee where the committee will hopefully make those changes it so badly needs. We might be able to complete that matter this afternoon before we start on the other bill.

The only other point I should like to make, and I am sure the President of the Privy Council (Mr. MacEachen) will agree with me, is that we may be in somewhat of a dilemma and Your Honour may be in a difficult position if during the formal budget debate there is reference to the measures presented by the Minister of Finance (Mr. Turner), specifically to the two bills the President of the Privy Council has now referred to, namely, the bill dealing with veterans pensions and the bill dealing with old age security benefits. If the House gives second reading to these bills, under the provisions and traditions of this House this might normally be an estoppel to hon. members who, in pursuing the budget debate, might like to say a word or two about pensions amendments.

I would hope, therefore, it would be clearly understood that if the debate on these two bills is completed as far as second reading is concerned before we get into the budget debate, this will not prejudice the right of hon. members to deal with these issues during the budget debate despite the fact that the House has indicated its intention to pass these bills. I am sure the President of the Privy Council, who wants to see these matters thoroughly aired, would have no objection to such an understanding.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, in respect of the bills proposing pension increases I must say on behalf of this party that we warmly welcome the conversion which has taken place on the road to Damascus, or perhaps I should say on the road to the election. We are delighted that the Minister of National Health and Welfare (Mr. Munro), the Minister of Finance (Mr. Turner), the President of the Privy Council (Mr. MacEachen) and perhaps the Prime Minister (Mr. Trudeau) have had a change of heart and are prepared to propose these increases to which they were formerly opposed, including the establishment of escalation of the basic old age security pension. Therefore, small as these increases are, we think people should have them as soon as possible.

• (1420)

We are prepared to waive the notice requirement and give first reading to the old age security bill and also to the veterans bill today so they can be printed and proceeded with as soon as possible. We are prepared to give first reading to both of them today and are prepared to proceed later today with second reading of the bill to amend the Old Age Security Act.

With regard to the suggestion by the hon. member for Peace River (Mr. Baldwin) that speedy passage of these bills should not interfere with discussion of their subjects in the budget debate I am sure that will be understood. With regard to his other suggestion that we proceed first of all today to conclude the debate on second reading of the farm credit bill, we are prepared to agree to that, and if the few minutes still to be taken by the hon. member for Crowfoot (Mr. Horner) do not provoke anyone else to speak we hope that the votes on the subamendment and the amendment can be taken forthwith.

[*Translation*]

Mr. Réal Caouette (Témiscamingue): Mr. Speaker, we have been asking for higher old age and veterans pensions for so long that we will certainly not oppose neither the first nor the second nor the third reading of the bill. We are willing, my colleagues and I, to have first and even second reading of the bill today.

I trust the minister will also take into account the fact that he is introducing two bills, on the eve of an election, which will allow an increase in pensions by the end of June. We are not against this, since for two years now, we have been asking the minister to grant those increases.

The fact of waiting to make retroactive payments from June to January will certainly be recognized as smacking of an election.

[*English*]

Mr. Speaker: Order, please. Is the hon. member for Oshawa-Whitby rising on a point of order? I would hope there would not be a debate on this subject. We are on motions now and the minister has made a statement which has been responded to by representatives of the parties in opposition. The hon. member for Oshawa-Whitby is rising at this time. I suggest to him and to other hon. members that only one representative of each party is entitled to speak on the subject. I assume this is the way we ought to proceed at this time.

My understanding is that the suggestion has been made by the President of the Privy Council and other members that there should be agreement and it should be so ordered by the House that the House will waive notice of first reading requirements in respect of the bills relating to pensions and that there would be an understanding that the discussion on these bills would begin later this afternoon. This would be subject to two conditions: First, that there be a maximum of 30 minutes assigned for the conclusion of the debate on Bill C-5 relating to farm credit. The other condition is the suggestion of the hon. member for Peace River that hon. members should not be in any way estopped from referring to the matters dealt with by the bills to be discussed on second reading later today and which might conceivably be adopted before we have concluded the six days of the budget debate. I believe these are the conditions and requirements set out by hon. members. If I am correct I will put the question before the House in a moment. I believe the President of the Privy Council would like to add one word.

Mr. MacEachen: Mr. Speaker, I am not asking for first reading of the veterans bill today and I would prefer that it be held off until I am certain that hon. members will have ample copies of the bill as soon as first reading is given. There will be ample copies of the old age security amendments for members, but I would not want first reading to be given the other bill unless copies are available.

Mr. Speaker: Is this agreed?

Some hon. Members: Agreed.

Mr. Speaker: I have indicated the proposal made to the House by the President of the Privy Council and agreed to by hon. members who have commented. Is this agreed and so ordered?

Some hon. Members: Agreed.

[*Translation*]

Mr. Speaker: I believe hon. members agree with the conditions mentioned by the President of the Privy Council (Mr. MacEachen) and the spokesmen for the opposition parties who made their comments afterwards.

Some hon. Members: Agreed.

* * *

[*English*]

CANADA LABOUR CODE AND PUBLIC SERVICE EMPLOYMENT ACT

AMENDMENTS RESPECTING FAIR EMPLOYMENT PRACTICES

Hon. Martin P. O'Connell (Minister of Labour) moved for leave to introduce Bill C-206, to amend the Canada Labour Code and the Public Service Employment Act with respect to discrimination in employment based on age, sex and marital status.

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

* * *

OLD AGE SECURITY ACT

AMENDMENTS RESPECTING ESCALATION OF PENSIONS, RESIDENCE REQUIREMENTS, INCREASE IN GUARANTEED INCOME SUPPLEMENT

Hon. John C. Munro (Minister of National Health and Welfare) moved, by unanimous consent, for leave to introduce Bill C-207, to amend the Old Age Security Act.

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

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Questions

FEDERAL FUNDING FOR TRAINING AUDIOLOGISTS, SPEECH THERAPISTS—SPEECH PATHOLOGISTS

Question No. 64—**Mrs. MacInnis:**

1. What federal funding is being given at the present time to programs of training audiologists and speech therapists-speech pathologists in Canada?

2. What recommendations, if any, of the Health Services Report, 1963, concerning training programs in audiology and speech therapy have been implemented?

3. How many individuals are working in these occupations at the present time in Canada?

4. How much federal money is being apportioned to research into communication disorders in Canada at the present time?

5. How much federal money is being expended for bursaries, scholarships, etc., for students in training for audiology and speech pathology at the present time?

Hon. John C. Munro (Minister of National Health and Welfare): 1. The Medical Research Council and Health and Welfare Canada assist two training programs in Canadian universities for speech therapists and audiologists. Assistance is currently (1971/72) being given as follows: University of Western Ontario, $41,365; University of British Columbia, $16,752.

2. In line with recommendations of Royal Commission on Health Services, financial assistance was expanded for speech therapy and audiology training and services. New training programs were established at University of Western Ontario and University of British Columbia.

3. The President of the Canadian Speech and Hearing Association estimated late in 1971, that there are approximately 600 qualified speech therapists and audiologists practising in Canada. This number meets the needs outlined in Volume II of the Royal Commission on Health Services, pp. 62-63:

"It has been estimated that between 400 and 500 additional speech therapists are needed . . ." as, ". . . in 1961, . . . there were between 100 and 125 qualified speech therapists in Canada . . .". The number of qualified therapists in Canada is expanding at the rate of 100-200 annually.

4. $228,714.

5. $203,203.59.

COMPLAINTS ABOUT DELAYS IN RECEIVING UIC BENEFITS

Question No. 94—**Mr. Marshall:**

How many inquiries have been received by Information Canada offices complaining about delays in receiving UIC benefits?

Hon. Martin P. O'Connell (Minister of Labour): Monthly reports itemizing feedback from the public show that a total of 287 complaints about Unemployment Insurance Commission services have been recorded by Information Canada centres, over the period September, 1971 to March, 1972 inclusive.

[Mr. Munro.]

ASSISTANCE BY INFORMATION CANADA WITH UIC BENEFITS

Question No. 96—**Mr. Marshall:**

What part has Information Canada played in directing information to Canadians who suffered delays in receiving UIC benefits?

Hon. Martin P. O'Connell (Minister of Labour): (a) Each Information Canada centre carries the three most recent UIC pamphlets for free distribution to the public: "Handbook for Employers", "Information for Claimants", "Story of the S.I.N. Number". (b) The majority of complaints have been registered at our Toronto and Montreal offices and have been concerned primarily with inability to reach UIC offices by phone. Our staff now takes down the enquirer's name, address, telephone number and social insurance number and forwards these through a special line to the appropriate UIC office for follow-up within 48 hours. This has been in effect since December, 1971 and appears satisfactory.

FUNDING OF DDH-280 CONSTRUCTION PROGRAM

Question No. 180—**Mr. Forrestall:**

1. To what dollar levels has primary and secondary funding carried the DDH-280 construction program as of January 31, 1972?

2. What is the current anticipated total cost to the Canadian taxpayer for the four DDH-280 turned over after sea trials with full armament and spares to the Commander, Maritime Command for operational purposes for which they were designed?

3. What accounting does the Minister of Supply and Services give to the Canadian people for the acceleration in total cost of this program?

Mr. J. A. Jerome (Parliamentary Secretary to President of the Privy Council): I am informed by the Departments of National Defence and Supply and Services as follows: 1. and 2. This information may be found in the Minutes of Proceedings and Evidence of the Standing Committee on External Affairs and National Defence No. 8, dated 28 March, 1972, at pages 6-8, and No. 10 dated 19 April, 1972, at pages 24-30.

3. The Minister of Supply and Services makes an accounting each year to the Miscellaneous Estimates Committee on all of his Department's operations when his main estimates are before that committee. On April 18, 1972, the Minister made the following statement before this parliamentary committee with relation to the DDH-280 Program:

"On the DDH project, the fitting-out of the four destroyers is progressing satisfactorily and deliveries are forecast for July, August, and December of this year, with the last ship being delivered by early June 1973. The comprehensive approach taken to the management of this project should make it possible for the four ships to be completed within the cost-ceiling, approved in the fall of 1970, of $252 million."

In addition to this the following information was included in the Supplementary Data on the Supply Program of the department which was tabled with the committee and which appear as an appendix to the proceedings on the meeting on that date:

"The department has formed an integrated organization with DND officers under the leadership of a naval captain, to apply project management principles to the acquisition program for four DDH-280 class destroyers. Improved planning, guidelines and systematic cost tracking have been applied which provide assur-

ance that the construction of ships will be completed within the time limits and cost ceiling of $252 million approved in the fall of 1970.

Fitting out of the ships in proceeding satisfactorily and deliveries from the shipyards are forecast for: DDH-280, 29 July 1972; DDH-282, end of August 1972; DDH-281, end of December, 1972; DDH-283, early June 1973."

The DDH program is proceeding within the budget approved by Treasury Board and as announced by the Minister of National Defence.

DEPARTMENT OF INDUSTRY, TRADE AND COMMERCE PAYROLL

Question No. 198—**Mr. Burton:**

1. What is the total full-time payroll of the Department of Industry, Trade and Commerce?

2. How many of these employees are earning more than $18,000 annually, distributed according to $1,000 intervals?

Mr. Bruce Howard (Parliamentary Secretary to Minister of Industry, Trade and Commerce): 1. Total annual full-time payroll for the fiscal year 1971-72 is $28,526,000.

2. Number of employees earning more than $18,000 per annum as of February 1, 1972:

Number	Salary Range $	
195	18,001-19,000	
41	19,001-20,000	
42	20,001-21,000	
24	21,001-22,000	
79	22,001-23,000	
37	23,001-24,000	
23	24,001-25,000	
13	25,001-26,000	
23	26,001-27,000	
11	27,001-28,000	
13	28,001-29,000	
1	25,000-31,000	(SX-2)
5	28,000-35,000	(SX-3)
1	34,000-40,000	(SX-4)
1	40,000-45,000	(DM-2)
Total 509		

The difference in numbers presented in response to this question and to questions 197 and 199 is attributable primarily to adjustments in employees' salaries over the time period in question due to revised salary rates, annual increments and promotions. Another factor, but a relatively minor one, is additions to enable the department to meet its increasing responsibility.

Note: Above $30,000 information is provided by salary range only in order to protect privacy of salary information (for persons whose salary is directly related to performance) in accordance with TB Circular 1969-206.

EMPLOYMENT OF MR. MARIUS DION IN DEPARTMENT OF AGRICULTURE

Question No. 457—**Mr. Beaudoin:**

Does the Department of Agriculture or one of its agencies have an employee in Canada by the name of Marius Dion and, if so (a) what are his duties in the Department (b) what is his annual salary?

Mr. Marcel Lessard (Parliamentary Secretary to Minister of Agriculture): Mr. Joseph Marias Alphonse Dion is employed by the Department of Agriculture as a P.I. 3 (Primary Products Inspection Group) in the contagious diseases division, health of animals branch at Montmagny, Quebec.

(a) Under general supervision he is responsible for the implementation of regulations under the Animal Contagious Diseases Act.

(b) Mr. Dion's salary range is $8,519 to $9,682 per annum.

DEPARTMENT OF PUBLIC WORKS GUIDELINES FOR DISTRIBUTION OF FUNDS

Question No. 458—**Mr. Nystrom:**

1. Does the Department of Public Works have guidelines for the regional distribution of funds allotted under its Main Estimates 1972-73 for major capital projects and, if so, what are they?

2. Of the major capital projects, has Saskatchewan been allotted only one and one half percent of the total although its population is four percent of Canada's total and, if so, for what reason?

Hon. Jean-Eudes Dubé (Minister of Public Works): 1. In effect, the departmental main estimates as approved by the ministers constitutes the guideline for distribution of capital works funds. These estimates reflect the regional levels of activity which, in the case of the Department of Public Works, are dictated by the federal government activity in each area. Since it is a service agency, the Department of Public Works operations must parallel the requirements for accommodation as requested by other federal government departments and agencies.

2. At present, 1972-73 capital expenditure plans for the province of Saskatchewan total $2,066,000 which represents 1.5 per cent of the total departmental budget for such works. This planned figure reflects the level of demand from client departments and agencies for increased accommodation in that province, as well as the level of improvements to existing accommodation which can be carried out at this time, given the constraints of the capital budget ceiling and the priority of similar needs elsewhere. It should also be noted that the planned figure represents only those capital works projects to be funded by the Department of Public Works, and does not include other projects to be carried out by the Department of Public Works but which will be funded by other federal government departments and agencies.

VISIT OF DR. LLOYD BARBER TO NEW ZEALAND

Question No. 493—**Mr. Burton:**

1. Did Dr. Lloyd Barber visit New Zealand recently and, if so, was his visit in his capacity as Indian Claims Commissioner?

2. (a) On what date did he leave Canada (b) on what date did he return to Canada (c) what were the dates of his stay in New Zealand and any other countries visited en route?

3. What was the purpose of his trip to New Zealand?

4. What staff accompanied him?

5. What was the total of the salary and expenses for Dr. Barber and each staff member who accompanied him for the duration of the trip?

Questions

Mr. Barnett J. Danson (Parliamentary Secretary to Prime Minister): I am informed by the Indian Claims Commissioner as follows: 1. Yes.

2. (a) February 23, 1972; (b) April 3, 1972; (c) New Zealand, February 28, 1972 to March 12, 1972; Australia, March 12, 1972 to March 31, 1972.

3. To gain first hand knowledge of the nature of Maori and aboriginal claims, grievances, and approaches to settlement, for purposes of comparison to Canadian Indian claims and grievances.

4. Dr. Barber was not accompanied by any member of his staff. However, the Commissioner's Director of Legal Research travelled independently to Australia and New Zealand from February 24, 1972 to March 12, 1972, during which period he spent some time with Dr. Barber.

5. The information regarding Dr. Barber's honorarium is not yet available as Dr. Barber has not yet submitted any claim for honorarium or expenses.

POST OFFICE AT MOUNT UNIACKE, N.S.

Question No. 496—**Mr. McCleave:**

1. What plans are there for a public building to house the post office at Mount Uniacke, Nova Scotia and on what date will tenders be called?

2. Will the size of the new post office take into account the population growth in the area being served?

Hon. Jean-Eudes Dubé (Minister of Public Works): 1. None in the foreseeable future.

2. Not applicable.

OLD AGE SECURITY PENSIONS

Question No. 511—**Mr. Dionne:**

What amounts were paid for Old Age Security Pensions in each province since the Act was passed?

Hon. John C. Munro (Minister of National Health and Welfare): Payments under the Old Age Security Act commenced in January 1952. The figures hereunder cover the period 1952-53 to 1970-71 inclusive, and commencing with 1967-68, Guaranteed Income Supplement payments are included.

	$
Newfoundland	314,196,928
Prince Edward Island	128,501,559
Nova Scotia	717,700,620
New Brunswick	531,410,695
Quebec	3,490,486,507
Ontario	5,625,605,917
Manitoba	915,798,771
Saskatchewan	924,460,890
Alberta	1,038,298,711
British Columbia	1,883,887,059
Yukon and Northwest Territories	11,867,290
Total	15,582,214,947

[Mr. Burton.]

FUNDS FOR POST OFFICE, KAMOURASKA CONSTITUENCY

Question No. 513—**Mr. Dionne:**

What amounts were allocated for the refurbishing or construction of buildings used by the Post Office Department in the constituency of Kamouraska since 1962?

[*Translation*]

Hon. Jean-Eudes Dubé (Minister of Public Works):

Year	Location and Project	Amount $
1964	La Pocatière, post office	42,600
1966	St. André de Kamouraska, post office	22,345
1969-1970	St. Pascal, alterations and addition to public building	84,647
1970	Rivière Bleue, post office	32,790
1971	St. Pamphile, post office	38,845
1971	Ste. Helene de Kamouraska, post office	12,465
1971	La Pocatière, air conditioning public building	7,638
1971	Notre Dame du Portage, improvements to lighting	5,234

[*English*]

Mr. Diefenbaker: Mr. Speaker, I rise in connection with the failure of the government to answer questions. I do not like to have to raise this, but the House is entitled to the respect of the government. What is happening is that questions that might prove embarrassing to the government are not being answered.

• (1430)

I have mentioned this matter before and of necessity I have to raise it again, because starred questions are to be answered in a reasonable time. The normal time is four days. Question No. 446, which was placed on the order paper on March 28, has remained unanswered. What is the use of a starred question unless it is going to be answered? In view of the fact it has not been answered, I hope Your Honour will not consider it remiss if I direct some questions to the government concerning this matter that is obviously being concealed. My question was:

How many Red Ensigns were in the possession of the Department of Public Works on the date the present flag came into existence?

I also asked how many were still on hand. It should not take very long to answer that question if they tell the truth.

My other question, No. 354, is not a starred question, but it is one that is requisite so that the farmers of western Canada may know what the situation was with respect to the final wheat payments for the 1970 crop year. My question asked:

What was the total amount disbursed by the Wheat Board for final wheat payments for the 1970 crop year?

The answer is available to the government any time it wishes to give it. Second, my question asked:

How many producers received payments in each of the prairie provinces?

Then I asked:

In how many cases did the farmers receive no payment because the amount to which each was entitled was applied to the outstanding balance due by him as advanced payment?

While Your Honour has no authority to direct the government, I think it should be made perfectly clear that this House cannot operate on the basis of a desire on the part of the government to defer answering questions that it believes will be embarrassing.

Mr. Nesbitt: Mr. Speaker, I rise on a point of order. I regret having to take the time of the House, but I wish to refer to question No. 88 which I placed on the order paper on February 18 last. May I point out that the same question stood on the order paper for the whole of the preceding session of parliament without being answered. I cannot imagine what the reason would be for not answering it. It is a question of great interest to those who visit parliament and our national capital. My question is a very simple one:

Is the government giving consideration to the re-opening of the scenic walk around Parliament Hill—?

I really cannot understand why the government cannot answer that question in nearly two years.

Mr. Speaker: Order, please. I see two other hon. members who want to rise at this time. We could spend a lot of time this afternoon going over all the questions on the order paper that have not been answered to this point. However, having said that I will recognize the hon. member for Brandon-Souris who wants to rise on a point of order.

Mr. Dinsdale: Mr. Speaker, my point of order has to do with question No. 210 which has been on the order paper since February 28. It deals with an important service in connection with the problem of the non-medical use of drugs and, with the recent resignation of Dr. Craig, it assumes some urgency. I trust the government will bring down an answer at an early date.

Mr. Ryan: I rise on a point of order, Mr. Speaker. On February 18 questions Nos. 7, 43, 45 and 46 appeared on the order paper in my name. They also appeared on the order paper during the last session from, I believe, early in November.

The first question asks for particulars about the dealings with respect to Victoria Wood Development Corporation Limited and the low-cost housing complex on CNR land in Toronto. The second asks for particulars about the foreclosure action against Rochdale College. The third asks for particulars as to the payments coming in with respect to the mortgage on Pestalozzi College. The fourth asks for particulars as to what is happening to the white elephant, Richmond Square, a CMHC housing project in Toronto—

Mr. Speaker: Order, please. If the hon. member has a point of order he should raise it by way of a point of order and not by way of a speech. I think he is perhaps going a little farther than he should and is making an argument.

Mr. Ryan: I think I have made my point, Mr. Speaker.

Mr. Mahoney: What was the point?

[*Translation*]

MOTIONS FOR PAPERS

Mr. J. A. Jerome (Parliamentary Secretary to President of the Privy Council): Would Your Honour be so kind as to call notices of motions Nos. 1, 14 and 16?

[*English*]

CORRESPONDENCE PERTAINING TO LEASING AND DEVELOPMENT OF MAIN SQUARE, TORONTO

Motion No. 1—**Mr. Ryan:**

That an Order of the House do issue for copies of all leases, assignments of leases, leasebacks, subleases, assignments of subleases, lending agreements, assignments of agreements, mortgages and contracts pertaining to the leasing and development of Main Square in the City of Toronto from the commencement of negotiations by developers with the CNR to the present time, that may be in the possession of or subject to the control of Central Mortgage and Housing Corporation.

Mr. David Weatherhead (Parliamentary Secretary to Minister of State for Urban Affairs): Mr. Speaker, these various documents support, and are part of, the arrangements between borrower and lender. Such arrangements are internal administrative matters and it is not in the public interest to disclose them. Under these circumstances I wonder if the hon. member would consent to withdrawing his motion?

Mr. Ryan: Mr. Speaker, I regard these matters as being of great public interest and importance and think they should be revealed to the public. I therefore ask that this motion be transferred for debate.

Mr. Speaker: Transferred for debate.

COPY OF ALL CORRESPONDENCE RELATING TO SALE OF RYERSON PRESS LTD.

Motion No. 14—**Mr. Macquarrie:**

That an Order of the House do issue for a copy of all correspondence, memoranda, etc., between the Government of Canada and the United Church of Canada and other individuals and organizations relating to the question of the sale of Ryerson Press Ltd.

Mr. J. A. Jerome (Parliamentary Secretary to President of the Privy Council): Mr. Speaker, this motion is acceptable in so far as the Departments of Industry, Trade and Commerce, National Defence and Secretary of State are concerned. However, for the Prime Minister's office to comply a considerable number of man-hours would have to be assigned to extract this correspondence from the files. Since these man-hours are not presently available, extra staff would have to be employed on a casual basis in order to complete the job.

Mr. Bell: What about Ivan Head? He's writing books.

Some hon. Members: Oh, oh!

Mr. Jerome: Accurate statistics on the numbers of such correspondence are, however, maintained, and such information could be provided in response to a question on the order paper.

Mr. Speaker: Order, please. The parliamentary secretary is making a speech. I suggest to him that if comment is to be made it should be brief and not in the form of a speech.

Mr. Jerome: Mr. Speaker, the motion is therefore acceptable except in so far as correspondence from the Prime Minister's office is concerned. If the hon. member is prepared to agree to this, we can comply with the rest of the motion.

Mr. Macquarrie: Mr. Speaker, I simply cannot believe that that particular office is shorthanded.

Mr. Jerome: Transfer for debate.

Mr. Speaker: Transferred for debate.

COPY OF ALL CORRESPONDENCE RELATING TO ADVERSE EFFECTS OF CHANGE TO A FLOATING DOLLAR

Motion No. 16—**Mr. Burton:**

That an Order of the House do issue for a copy of all correspondence and other documents between the government and firms or interested parties concerning adverse effects of the change to a floating dollar announced by the Minister of Finance in June, 1970.

Mr. J. A. Jerome (Parliamentary Secretary to President of the Privy Council): Mr. Speaker, the material requested in this motion has been examined and in most instances it gives detailed private information about the writer's business operations. As this information is considered to be highly confidential I would hope that the hon. member might withdraw his motion.

Mr. Burton: Mr. Speaker, I had hoped that the government might have had a change of heart since the last session, but apparently not. Therefore, I call for the question to be put.

Mr. Jerome: Transfer for debate.

Mr. Speaker: Transferred for debate.

[*Translation*]

Shall the remaining motions stand?

Some hon. Members: Agreed.

[*English*]

Mr. Burton: Mr. Speaker, on several occasions I have made inquiries about notice of motion No. 18 concerning correspondence and other documents involving the sale of land at the Regina Airport. This was turned down in the last session on the grounds that the matter was still under negotiation. The matter has long since been settled. I have raised the question several times in the House, and I do not understand why the parliamentary secretary is not in a position to bring the motion forward.

Mr. Howe: Mr. Speaker, standing in my name on the order paper since April 13 there is a motion in regard to the second international airport in Toronto. Some weeks ago the Minister of Transport indicated he would be willing to present all the papers involved to the House and answer all questions in the House. I cannot understand why four weeks have passed since I put down the motion without the papers being supplied, and I sincerely hope the parliamentary secretary will look into it.

ORAL QUESTION PERIOD

TRADE

CANADA-UNITED STATES—COMPLETION OF REVIEW OF POSITION BY CANADIAN GOVERNMENT—RESUMPTION OF DISCUSSIONS—REQUEST FOR INFORMATION ON DISC

Hon. Robert L. Stanfield (Leader of the Opposition): Mr. Speaker, I wish to direct a question to the right hon. Prime Minister who will recall that at the time of the visit to Canada by President Nixon both countries undertook to review their respective positions regarding differences between them on trading matters. I would like to ask the Prime Minister whether the government of Canada has now completed its review of its position on this matter?

Right Hon. P. E. Trudeau (Prime Minister): I am afraid there is nothing to report at this time, Mr. Speaker. Both countries are carrying out the intentions they announced.

Mr. Stanfield: Has there been any discussion between the two countries on when conversations between the two governments respecting these difficulties will resume?

Mr. Trudeau: No formal consultation, Mr. Speaker.

• (1440)

Mr. Stanfield: I have one further supplementary question, Mr. Speaker, to the Secretary of State for External Affairs who expressed the view that it would be in the interests of the United States to disclose to the government of Canada the effect of DISC upon corporations exporting to Canada from that country. Has a formal request for this information been made to the United States administration and, if so, has any response been received?

Hon. Mitchell Sharp (Secretary of State for External Affairs): Mr. Speaker, my colleague the Minister of Industry, Trade and Commerce will be dealing with all these matters when he participates in the budget debate.

CANADA—UNITED STATES—REQUEST FOR ASSURANCE THAT MINISTER WILL MAKE DETAILED REPORT EARLY IN BUDGET DEBATE

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, I have a supplementary for the government House leader which relates directly to the previous question. In view of the fact the Minister of Industry, Trade and Commerce has committed himself to the House to make a detailed report on the auto pact discussions, the DISC legislation and auto pact prices, would the government House leader give us an assurance now that the Minister of Industry, Trade and Commerce will take part in that debate on the

first or second day when that debate takes place in the House?

Hon. Allan J. MacEachen (President of the Privy Council): Mr. Speaker, tomorrow we will be dealing with the budget debate. I cannot commit the minister to speak but I understand that he proposes to take part tomorrow or Monday.

Mr. Stanley Knowles (Winnipeg North Centre): I have a supplementary question, Mr. Speaker. Will the minister give a commitment that the budget debate will continue long enough for the Minister of Industry, Trade and Commerce to take part in it?

Mr. MacEachen: Yes, Mr. Speaker.

Mr. Hees: You should have seen the look big brother gave you when you said that.

* * *

REGIONAL ECONOMIC EXPANSION

GRANT TO McCAIN FOODS LIMITED—REASON FOR OMISSION FROM REPORT—DISTRIBUTION OF GRANTS AMONG PROVINCES

Mr. David Lewis (York South): Mr. Speaker, I have a question for the Minister of Regional Economic Expansion. Would the minister be good enough to give the House the reason why he did not report to parliament in his monthly report the grant of $6.1 million to McCain Foods Limited of New Brunswick which was offered by his department on November 2, 1970, and accepted by the company on December 9, 1970?

[*Translation*]

Hon. Jean Marchand (Minister of Regional Economic Expansion): Mr. Speaker, this question was put to me in the committee where I indicated that I would give a reply. I asked the officials of my department to conduct an inquiry, not merely on the McCain's Food case to which the hon. member for York-South has referred, but on all such cases which may have come up. The deputy minister is ready to report.

Mr. Speaker, I was to appear before the committee next week. However, as it will not be meeting then, I shall go there specially this afternoon to reply to the question.

[*English*]

Mr. Stanfield: You are getting evasive, the whole bunch of you.

Mr. Lewis: I am very glad to hear the minister say that he will appear this afternoon to answer questions. May I ask whether he has already had an investigation made into the very large proportion of grants under the Regional Development Incentives Act made so far this year which has gone to one province and the maldistribution of these grants across the country?

[*Translation*]

Mr. Marchand (Langelier): Here again, Mr. Speaker, the question was put not to myself but, I believe, to my deputy

minister. He will attend the committee meeting this afternoon to supply the information requested.

Incidentally, Mr. Speaker, I attended three of the committee's eight meetings, and the deputy minister attended four.

* * *

PENSIONS

OLD AGE SECURITY—STATEMENT OF QUEBEC SOCIAL AFFAIRS MINISTER ON INCREASE—FINANCIAL CONTRIBUTION OF PROVINCES

Mr. Réal Caouette (Témiscamingue): Mr. Speaker, I wish to direct a question to the Prime Minister.

Last night, on television, the Quebec Social Affairs Minister appeared stunned to learn that the federal government intended to raise old age security pensions by $15 for single people and $50 for married couples.

Would the Prime Minister tell the House if the proposed increases will require the co-operation and financial contribution of the Canadian provinces. Will the provinces have to pay part of those increases?

Right Hon. P. E. Trudeau (Prime Minister): That is out of the question, Mr. Speaker; the increases will be paid out of the tax receipts of the Canadian government.

Mr. Caouette: Mr. Speaker, has the Quebec Minister of Social Affairs been in touch with the federal government since these increases were announced?

As to the second question, although the Prime Minister tells us that such is not the case, I should like to ask him whether the provinces contribute to the guaranteed income supplement which is being paid to our senior citizens.

Mr. Trudeau: No, Mr. Speaker.

As to the second part of the question, there are no contributions made by the provinces, not even, for that matter, to the first portion of $80. The provinces will not be called upon to contribute to the annual increase mentioned in the bill.

I think that I share the hon. member's feelings and I do not quite understand what the Province of Quebec is getting all excited about, if indeed it is.

* * *

[*English*]

PRICES AND INCOMES COMMISSION

TERMINATION AT END OF JUNE—PLANS FOR REPLACEMENT

Hon. George Hees (Prince Edward-Hastings): Mr. Speaker, I have a question for the Prime Minister. As we are only a month and a half away from the windup of the mandate of the Prices and Incomes Commission, could the Prime Minister advise the House what the government's plans are for replacing that body or does it intend simply to leave that field open?

Inquiries of the Ministry

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I believe I made an announcement a couple of weeks ago which may have escaped the hon. member. It was to the effect that the commission itself would be wound up upon termination of its mandate, at the end of June, but that a small task force would continue in order to finish whatever was in the works in terms of preparing for publication some studies and background work, and that they would also stay around to keep active any contingency plan for fighting inflation.

Mr. Hees: Is the Bank of Canada concerned lest our old age pensioners spend all of their $2.88 raise at one time and thereby start a new wave of inflation—

Mr. Speaker: Order, please.

Mr. Hees: —and does not this pittance of a raise make "Six Buck Harris" look like Santa Claus?

Mr. Speaker: Order, please. The hon. member knows that a question asked in those terms is not in order and I suggest it should not be answered. If the hon. member wished to redraft the question he will be allowed to do so, but I believe at this point—

[*Translation*]

—it might be advisable to allow a supplementary to the preceding question. I believe that the hon. member for Sainte-Marie has a supplementary.

* * *

PENSIONS

OLD AGE SECURITY—CONSULTATION WITH PROVINCES RESPECTING INCREASE

Mr. Georges Valade (Sainte-Marie): Mr. Speaker, I would like to ask a question which is supplementary to the previous one on social legislation.

I would like to ask the right hon. Prime Minister to say before this House whether the provinces were consulted or advised about the measures or amendments to the Old Age Security Act that the federal government wanted to introduce before the Minister of Finance made his budget presentation.

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, if the hon. member means the amendments relating to old age pensions, etc. being considered now, the answer is obviously no because the provinces are not consulted before the presentation of a federal budget.

[*English*]

OLD AGE SECURITY—DISCUSSION WITH QUEBEC

Hon. Robert L. Stanfield (Leader of the Opposition): Mr. Speaker, I have a supplementary question for the Prime Minister or the Minister of National Health and Welfare. I should like to ask whether the discussions that have taken place with the government of the province of Quebec regarding family allowances and social welfare matters generally included discussions about old age security and whether the minister concerned, who has expressed disappointment, envisaged there would be some global policy developed between the two governments regarding this field of security?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I can only say that at the time of the Victoria conference we were prepared to go much farther. We were prepared to envisage a constitutional amendment which would have made such consultation mandatory. However, the province of Quebec did not see fit to accept that amendment at the time. Consequently it is natural that we want to continue to exercise our constitutional right of increasing pensions and payments which are under the federal jursidiction, and that we should do so without consultation when they were going to be presented in a budget seems rather obvious, Mr. Speaker.

Mr. Speaker: Order, please. The Chair will recognize the hon. member for Sainte-Marie on a further supplementary, but hon. members will note that we have many potential questioners today. Yesterday we ran short of time and I undertook to try to recognize those members today who were not seen yesterday. I would ask for the co-operation of members immediately to limit the number of supplementaries. Of course, I have to rely entirely on the co-operation of hon. members in this regard.

• (1450)

[*Translation*]

OLD AGE SECURITY—QUEBEC SOCIAL SECURITY PROGRAM—FEDERAL GOVERNMENT POSITION

Mr. Georges Valade (Sainte-Marie): Mr. Speaker, I should like to direct a supplementary question to the Prime Minister.

Since the federal government knew that the province of Quebec intended to introduce an integrated welfare plan and since other provinces were not previously consulted, does that position on the part of the federal government mean that it intends to oppose the Quebec government's intention to introduce an integrated welfare plan?

Right Hon. P. E. Trudeau (Prime Minister): On the contrary, Mr. Speaker. As I have just said to the Leader of the Opposition, the federal government was ready to commit itself by a constitutional amendment to some consultations in the area mentioned by the hon. member as well as in many others.

We made that proposal at the Victoria Conference. The province of Quebec itself refused to see a constitutional amendment in the resolution we were ready to approve and, as I said to the Leader of the Opposition, until the Constitution is amended, all provinces must expect the federal government to continue to exercise its jursidiction in that field.

[*English*]

Mr. Speaker: Order, please. The Chair will recognize the hon. member for Greenwood.

[*Translation*]

The hon. member for Charlevoix has a supplementary in this connection. I shall recognize him in a moment.

[*English*]

EXTERNAL AFFAIRS

VIET NAM WAR—SUGGESTED STATEMENT ON POSITION OF GOVERNMENT—CONSIDERATION OF SITUATION BY UNITED NATIONS SECURITY COUNCIL

Mr. Andrew Brewin (Greenwood): Mr. Speaker, my question is addressed to the Secretary of State for External Affairs. Yesterday the Prime Minister answered a series of questions about the grave new crisis in Viet Nam and suggested, I think, that a statement of the government's position, if it had one, might be made either by himself or the minister. Does the minister propose to make a statement in the near future on the government's position with regard to this crisis?

Hon. Mitchell Sharp (Secretary of State for External Affairs): Mr. Speaker, I read what the Prime Minister said yesterday. He said we were considering whether we should make such a statement. After consideration, I can say that I do not think it would be helpful at the moment to make such a statement and I do not propose to make one today or tomorrow.

Mr. Brewin: Will the minister seek to have the situation in Viet Nam brought before the Security Council of the United Nations as a grave threat to the peace of the world?

Mr. Sharp: Mr. Speaker, we very strongly support the offer of the Secretary General of the United Nations to make his good offices available for this purpose. We would have no objection to the matter being brought before the Security Council if those more directly concerned felt this was desirable and if the Secretary General so felt. We are not a member of the Security Council. On the other hand, we certainly would not turn down any place where this war can be brought to an end.

Right Hon. J. G. Diefenbaker (Prince Albert): I have a supplementary question, Mr. Speaker. Yesterday the Prime Minister clearly pointed out that he was not going to be waffled into virulent anti-Americanism regardless of pressures that might come from various parts of the House. Believing in that, has he given serious reconsideration since yesterday to at least saying something that will reassure the people of Canada that, in the opinion of the government of Canada, what is actually taking place today in Viet Nam is something that is in keeping with the very difficult position in which the United States finds itself there?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I do not know if I can satisfy the right hon. member, but I will try by merely stating that we in this party see no need to try to prevent disunity by practicing anti-Americanism.

Some hon. Members: Hear, hear!

Mr. Diefenbaker: The Prime Minister is so completely in agreement that I do not see any reason for the applause I am receiving from the opposite side of the House. I ask the Prime Minister, and I hope I get the understanding of those members who have understandings, whether he is prepared to at least join in saying on behalf of Canada that the United States ought not to be condemned as it is in certain sections of this country today?

Some hon. Members: Hear, hear!

* * *

NATIONAL HEALTH AND WELFARE

PROPOSED PROGRAM, "NEW HORIZONS FOR THE AGED"—EARLY INTRODUCTION OF LEGISLATION

Mr. Warren Allmand (Notre-Dame-de-Grâce): Mr. Speaker, my question is to the Minister of National Health and Welfare. During his budget speech on Monday evening the Minister of Finance announced the establishment of a new program entitled "New Horizons for the Aged" to help retired persons participate more fully in the community. Will the minister say whether he will soon present legislation to establish this program?

Hon. John C. Munro (Minister of National Health and Welfare): Mr. Speaker, I do not believe the nature of the program requires specific legislation in the sense that I think the hon. member has in mind. As the Minister of Finance indicated, I will be elaborating on the details of the program shortly.

* * *

EXTERNAL AFFAIRS

PROPOSED NUCLEAR TEST BY FRANCE—POSITION OF GOVERNMENT

Mr. A. D. Alkenbrack (Frontenac-Lennox and Addington): Mr. Speaker, my question is directed to the Secretary of State for External Affairs. It arises from the fact that in the past the government has been very circumspect with regard to nuclear testing by other countries. What is the attitude of the government with regard to the intention of the government of France to conduct atmospheric nuclear tests in the South Pacific this summer?

Mr. Speaker: Order, please. I have the impression that question has already been asked, but the minister might be allowed to reply briefly.

Hon. Mitchell Sharp (Secretary of State for External Affairs): Mr. Speaker, by way of answer may I be permitted to table a copy of the note that was delivered to the French government on this subject?

Mr. Speaker: Is this agreed?

Some hon. Members: Agreed.

* * *

CONSUMER AFFAIRS

INCREASE IN COST OF FOOD—REQUEST FOR INVESTIGATION OF CAUSE

Mrs. Grace MacInnis (Vancouver-Kingsway): Mr. Speaker, my question is for the Prime Minister. In view of

the fact that the cost of food used in the home increased by 7.4 per cent from April, 1971, to April, 1972, and in view of the further fact that in food chains such as George Weston, profits rose by nearly $3.5 million in the first three months of 1972, will the government undertake an investigation to see whether this increase in the cost of food, which bears so heavily on those on low income—

Mr. Speaker: Order, please. I am sure the hon. member will appreciate that this is argument and debate. The question should be asked as soon as possible.

Mrs. MacInnis: Thank you, Mr. Speaker. Will the government undertake to make an investigation to see whether this increase in the cost of food is due to inordinate mark-ups by supermarkets or excessive profit-taking by canners and processors of food?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I will certainly see that the suggestion of the hon. member is studied. However, I might say that according to our statistics the gain was in line with the March-April changes in the past five years. As a matter of fact, if you look at the average change between those two months for the past five years and the over-all consumer price index, it was slightly less this year than it has been in the past five.

Some hon. Members: Hear, hear!

* * *

CAPE BRETON DEVELOPMENT CORPORATION

TRANSFER OF POINT EDWARD INDUSTRIAL PARK TO CORPORATION FROM DEPARTMENT OF TRANSPORT

Mr. Robert Muir (Cape Breton-The Sydneys): Mr. Speaker, my question is for the Minister of Regional Economic Expansion. In view of the fact that negotiations regarding the official transfer of the Point Edward Industrial Park from the Department of Transport to the Cape Breton Development Corporation commenced in 1969, can the minister advise whether this long-awaited action has taken place? I am sure he is familiar with the situation. In light of the statement made in committee on April 25, 15 days ago, by the president of Devco, Mr. Kent, that he was confident the matter would be settled that week, is the minister in a position to provide us with information on whether this has taken place so that the unions can negotiate a settlement?

• (1500)

Hon. Jean Marchand (Minister of Regional Economic Expansion): I am not sure that it took place. I will check and I may make a report tomorrow.

[Mrs. MacInnis.]

[Translation]

YOUTH

OPPORTUNITIES FOR YOUTH PROGRAM—INQUIRY RESPECTING REFUSAL OF CERTAIN QUEBEC PROJECTS

Mr. Henry Latulippe (Compton): Mr. Speaker, I should like to ask a question of the Secretary of State.

Could he tell us if it is true that federal M.P.'s have nipped in the bud 39 projects submitted by Quebecers under the Opportunities for Youth program because they were considered too dangerous on account of their social scope and the individuals advocating them?

Mr. Speaker: The hon. member will realize, I am sure, that the question under its present form is out of order. He is inquiring about a statement or a suggestion which would have been made outside the House.

* * *

[English]

PENSIONS

OLD AGE SECURITY—TRANSFERABILITY TO OTHER COUNTRIES

Mr. Chas. L. Caccia (Davenport): Mr. Speaker, this question is directed to the Minister of National Health and Welfare. Bearing in mind representaticns made to the government by individuals and organizations across the nation, may I ask whether a decision has been reached as to the transferability of old age pensions to other countries after a period of residence in Canada of less than the 25 years presently required.

Hon. John C. Munro (Minister of National Health and Welfare): Yes, Mr. Speaker. I believe the hon. member will be glad to learn, after all his work in this connection—

Some hon. Members: Oh, oh!

Some hon. Members: Hear, hear!

Mr. Munro: —that provision for this is contained in the legislation now before the House.

* * *

POLLUTION

THREAT FROM SUNKEN "IRVING WHALE"—TIME OF REMOVAL OF VESSEL

Mr. Heath Macquarrie (Hillsborough): Mr. Speaker, I should like to direct a question to the Minister of Transport. It is prompted by a statement by the minister of the environment and community services for Prince Edward Island to the effect that it is now too late to raise the *Irving Whale* this year. Can the minister advise whether this is the view of his department and, if so, when it is intended to remove this menace to the environment?

Hon. Donald C. Jamieson (Minister of Transport): If the hon. member means this year during the summer tourist season, it will not be done during that time. I fully agreed with the government of Prince Edward Island not to

undertake the task during the summer tourist season. We are asking for additional scientific advice as to the best method of doing the job and the best time at which to do it. As well, if this has not already been done, an underwater investigation of the hull will be made to ensure that there is no potential for leakage during the interim.

Mr. David MacDonald (Egmont): Bearing in mind the considerable delay which has occurred in resolving this problem, would the minister care to make a statement on motions concerning the government's plans, in face of the continuing pollution threat to the island? What steps will be taken in the course of the next few months to prevent any possible danger from the continued presence of the *Irving Whale* near the shores of Prince Edward Island?

Mr. Jamieson: I would be glad to consider doing so either here or when I appear before the transport committee. But I can assure the hon. member that all the ongoing checks we are making indicate there is no immediate threat. We shall certainly keep policing the situation to make sure that this continues to be the case.

[*Translation*]

Mr. Speaker: The hon. member for Charlevoix had a supplementary question a moment ago. Perhaps he has forgotten what it was, but I am prepared to recognize him now.

Mr. Asselin: Mr. Speaker, I pass.

* * *

[*English*]

OIL

PROPOSED MACKENZIE VALLEY PIPELINE—CANADIAN REPRESENTATIONS TO U.S. CONGRESSIONAL HEARINGS

Mr. R. N. Thompson (Red Deer): Mr. Speaker, my question is for the Minister of Energy, Mines and Resources. In view of the growing concern in connection with the potentially disastrous tanker route down the British Columbia coast, and the fact that the economic committee of the United States Congress is planning hearings on the proposed trans-Atlantic pipeline through Canada, may I inquire what representations Canada will make at these hearings?

Hon. Donald S. Macdonald (Minister of Energy, Mines and Resources): Mr. Speaker, I think the hon. member means trans-Alaska pipeline rather than trans-Atlantic pipeline. The government would not propose, of course, to make any representations before a legislative body of another jurisdiction. I might say, however, that I have recently been in communication with the U.S. Secretary of the Interior to give him further information with regard to the Canadian proposal for a Mackenzie Valley pipeline, and to reiterate our concern about possible damage to the west coast of Canada consequent upon any approval of a Pacific tanker route.

Mr. Thompson: What does the government intend to do to speed up our own hearings so that we may know what we are talking about when we speak about building a Mackenzie Valley pipeline?

Mr. Macdonald (Rosedale): I have pointed out several times in the House that we feel it would be desirable for us to know all the consequences of the impact upon the environment, as well as upon the oil economy, of a Mackenzie Valley pipeline. Studies to the tune of $15 million have been undertaken and the National Energy Board and the Department of Indian Affairs and Northern Development will be in a position by the end of the year to pass judgment on any applications which might be made for a pipeline permit. I think I should reiterate what I said to the committee, that if anyone has a concrete proposal to make he should put it forward to my colleague, the Minister of Indian Affairs and Northern Development.

Mr. Baldwin: Call an election; that would speed things up.

Mr. Macdonald (Rosedale): There's the big mouth. There's the natural gas, over there.

* * *

SHIPPING

SINKING OF TUGBOAT "HARO STRAITS"—INITIATION OF OFFICIAL INQUIRY—POSSIBLE RAISING OF VESSEL

Mr. T. C. Douglas (Nanaimo-Cowichan-The Islands): Mr. Speaker, may I direct a question to the Minister of Transport. Some weeks ago the minister indicated his intention of ordering an official inquiry into the sinking of the tugboat *Haro Straits*. I ask the minister whether such an inquiry has been launched, who are the personnel of the body undertaking the investigation, and when does the minister expect a report?

Hon. Donald C. Jamieson (Minister of Transport): I apologize to the hon. member for the half answer I am about to give. I believe the formal papers setting up the commission have been signed but I am not absolutely certain. If there is a delay, it is in securing personnel. This will be done within a day or two; and I will certainly advise the hon. member accordingly.

Mr. Douglas: May I ask the minister whether he has made a decision with respect to raising the tug, as he has been requested to do, with a view to recovering the bodies of the crew and trying to ascertain from the state of the tug the cause of its sinking?

Mr. Jamieson: Yes, Mr. Speaker. I have indicated that part of the inquiry should involve at least an attempt to raise the tug. There are apparently some technical problems. If these can be overcome, it will be done.

* * *

[*Translation*]

MANPOWER

LOCAL INITIATIVES PROGRAM—USE OF ADDITIONAL FUNDS FOR PROJECTS INITIALLY REFUSED

Mr. René Matte (Champlain): Mr. Speaker, in the absence of the Minister of Manpower and Immigration, I would direct my question to the Prime Minister.

Could the Prime Minister clearly indicate whether the additional funds provided under the local initiatives program may be used for certain projects whose initial rejection was questionable?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I think the Minister of Manpower and Immigration replied to a similar question in the negative.

* * *

[*English*]

HEALTH

NUMBER OF DOCTORS AUTHORIZED TO PRESCRIBE METHADONE

Mr. P. B. Rynard (Simcoe North): Mr. Speaker, I should like to address a question to the Minister of National Health and Welfare. It relates to the recent announcement that Ottawa is to grant temporary authorization to certain doctors in connection with the use of methadone. Can the minister assure the House that a sufficient number of doctors will be authorized to use methadone in their practices?

Hon. John C. Munro (Minister of National Health and Welfare): That will certainly be our objective.

Mr. Rynard: When will these temporary authorizations become permanent?

Mr. Munro: When we have had an opportunity to examine the procedure and its validity various observations may be forthcoming, not only from the medical profession but from others, which could indicate areas of possible improvement, and we would then intend to make them permanent.

* * *

SUPPLY AND SERVICES

LOCATION OF NEW BRANCH OF ROYAL CANADIAN MINT IN WINNIPEG—INITIATION OF CONSTRUCTION

Mr. Robert Simpson (Churchill): Mr. Speaker, my question is addressed to the Minister of Supply and Services. In view of the interest taken in Manitoba in the establishment of a branch of the Royal Canadian Mint in that province, can the minister say when it is planned to announce details of the sod-turning ceremony and the location of this establishment?

Mr. Speaker: Order. This question should be placed on the order paper. However, if there is urgency and it is a matter of interest to hon. members, the minister might be allowed to reply.

Hon. James A. Richardson (Minister of Supply and Services): The plans are proceeding on schedule. I expect to announce next week the location and the names of the consultants.

Mr. Craig Stewart (Marquette): Mr. Speaker, in view of the fact that the closure of the Rivers and Gimli bases, together with the transfer of Air Canada facilities, cost 3,000 jobs in Manitoba, is it the intention of the government to expand the new mint so as to provide employment for more than the 200 people originally envisaged?

Mr. Speaker: Order, please. This sounds like argument, at least from the point of view of the Chair.

* * *

ADMINISTRATION OF JUSTICE

OFF-TRACK BETTING—POSSIBLE ESTABLISHMENT OF GOVERNMENT CONTROLLED FACILITIES

Mr. John Gilbert (Broadview): I have a question for the Minister of Justice, Mr. Speaker. A short while ago the minister stated that he and his officials were having discussions with their counterparts in Ontario concerning off-track betting and the possibility of setting up government controlled facilities for such betting. Have these discussions been completed, and can the minister say what action he intends to take?

Hon. Otto E. Lang (Minister of Justice): Mr. Speaker, the discussions involve all the provinces. I believe I indicated on a previous occasion that I did not anticipate immediate legislation, but it will be drafted and brought forward in due course.

* * *

• (1510)

NATURAL RESOURCES

ENCOURAGEMENT OF INDUSTRY TO INVESTIGATE AND DEVELOP MINING OF SEA-BOTTOM METALLIFEROUS NODULES

Mr. S. Perry Ryan (Spadina): Mr. Speaker, my question is for the Minister of Energy, Mines and Resources. In view of Japanese and United States developments in ocean floor mining, is the government encouraging Canadian industry to investigate and develop, if feasible, mining of sea-bottom metalliferous nodules?

Hon. Donald S. Macdonald (Minister of Energy, Mines and Resources): Mr. Speaker, I think I would have to take that question as notice.

Mr. Ryan: A supplementary question.

Mr. Speaker: Order, please. I would have thought that question could have been placed on the order paper. The hon. member has a supplementary and I will judge whether it might also be placed on the order paper.

Mr. Ryan: Mr. Speaker, since the minister does not seem to know anything about it, I should like to put the question to the minister in charge of the environment. He was here a moment ago.

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

Mr. Ryan: Since he is not here, I will ask it tomorrow.

Inquiries of the Ministry

POLLUTION

ARCTIC WATERS POLLUTION PREVENTION ACT—INQUIRY AS TO PROCLAMATION

Mr. R. Gordon L. Fairweather (Fundy-Royal): Mr. Speaker, I have a question for the Prime Minister which in a way is related to several questions asked today about the environment. Why has the Arctic Waters Pollution Prevention Act which was passed, I think it is fair to say, with a fanfare of trumpets a couple of years ago, not been proclaimed?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I believe the Minister of Indian Affairs and Northern Development answered a little while ago that the regulations to be published under that act have not been yet satisfactorily drawn up but that he expected this to be done very soon.

* * *

TRANSPORT

RAPESEED MEAL—ALLEGED FREIGHT RATE DISCRIMINATION AGAINST WESTERN CRUSHERS

Mr. R. R. Southam (Qu'Appelle-Moose Mountain): Mr. Speaker, I have a question for the Minister of Transport. In light of the great economic importance of the rapeseed crop to western farmers, would the minister investigate and report on what action may be taken with respect to what appear to be discriminatory freight rates related to the movement of rapeseed meal, whereby it costs a western crusher 79 cents per hundredweight to move rapeseed meal from Thunder Bay to Montreal—

Mr. Speaker: Order, please. It seems to me a question such as this should normally be placed on the order paper. The hon. member will agree that the question appears to be rather long and is conveying information.

Mr. Southam: On a question of privilege, Mr. Speaker, this matter is of great urgency and has just come to my attention. I should like the privilege of finishing my question.

Mr. Speaker: Order, please. I will allow the hon. member to finish his question, but from time to time I bring to the attention of hon. members that it is helpful to everybody if they try to limit the length of questions.

Mr. Southam: Mr. Speaker, the meat of the question is that it costs a western crusher 79 cents per hundredweight to move crushed meal from Thunder Bay to Montreal whereas an eastern crusher can move meal over the same route for 44 cents per hundredweight.

Hon. Donald C. Jamieson (Minister of Transport): Mr. Speaker, I will either take note of the question from *Hansard* or if the hon. member will send me the sheet on which his question is written I will be glad to look into it.

SUPPLY AND SERVICES

TRANSFER FROM REGINA TO WINNIPEG OF AUDIT SERVICES BUREAU—REQUEST FOR RECONSIDERATION

Mr. John Burton (Regina East): Mr. Speaker, I have a question for the Minister of Supply and Services. In view of the minister's expressed interest in the dispersal of government facilities geographically, would he undertake to review the decision of his department to close the audit services bureau in Regina and transfer it to Winnipeg?

Mr. Speaker: Order, please. That, of course, is a representation. The hon. member for Saskatoon-Biggar has a supplementary to the previous question.

* * *

GRAIN

RAPESEED—ACTION TO REGULATE OPERATION OF WINNIPEG FUTURES MARKET

Mr. A. P. Gleave (Saskatoon-Biggar): Mr. Speaker, may I direct my question to the minister in charge of the Wheat Board. In view of some of the difficulties we have experienced in pricing rapeseed, is it the minister's intention to introduce further regulation of the operation of the futures market in Winnipeg?

Hon. Otto E. Lang (Minister of Justice): Mr. Speaker, we had in the House exchanges on this subject earlier in the week. We have received representations concerning use of the Grain Futures Act or modification of it. We have also had similar recommendations made by the rapeseed committee. We are giving consideration to the best form of action to implement the purport of these recommendations.

Mr. Gleave: A supplementary question, Mr. Speaker.

Mr. Speaker: Order. I will allow the hon. member a last supplementary. There are only three minutes before the end of the question period and hon. members asking supplementaries must realize that they are preventing questions from members around them.

Mr. Gleave: I ask the minister if he would be prepared to have Canadian Wheat Board officials and representatives of the Winnipeg Grain Exchange appear before the Standing Committee on Agriculture so we may question them regarding pricing developments and arrangements?

Mr. Lang: Mr. Speaker, I would want to give consideration to this representation and to whether it would be best to do that at this stage or in connection with legislative action.

Inquiries of the Ministry

[*Translation*]

FAMILY INCOME SECURITY PLAN

FAMILY ALLOWANCES—AGREEMENT BETWEEN OTTAWA AND QUEBEC—EXERCISE OF LEGISLATIVE POWER BY QUEBEC

Mr. Roch La Salle (Joliette): Mr. Speaker, I should like to put a question to the Minister of National Health and Welfare.

Last Wednesday, the Premier of Quebec stated before the National Assembly that the province of Quebec would keep legislative primacy in the administration of the federal family allowances scheme.

Can the minister say, from this statement, whether negotiations are over between the two governments, and whether Quebec will keep legislative primacy in this field?

Mr. Speaker: This question has been taken into consideration but, for the time being, the Chair will recognize the hon. member for Hamilton West.

* * *

[*English*]

AIRPORTS

PICKERING TOWNSHIP SITE—MINISTER'S POSITION ON DECISION IN LIGHT OF OBJECTIONS—PROVISION OF INFORMATION

Mr. Lincoln M. Alexander (Hamilton West): Mr. Speaker, I should like to direct my question to the Minister of Transport. Does the minister still stand by his original decision regarding the need for a second international airport, as well as the choice now before us as being the best possible, in view of mounting objections in regard to both decisions?

Hon. Donald C. Jamieson (Minister of Transport): Mr. Speaker, the answer to both questions is yes. I might also call to the hon. member's attention the mounting degree of support for the proposal.

Mr. Alexander: I am appreciative of the minister's answer. In this regard I am with him, though I am seldom with the government on anything. In view of the fact the minister has given an undertaking to table the necessary studies and what-not that enabled him to make these decisions, when is he going to follow through on his undertaking? I believe it is extremely important for the members of the House to know the thinking of the government so we can answer the letters we are receiving on the matter.

Mr. Jamieson: Mr. Speaker, I suspect that the hon. member was not in the House some two weeks ago, I believe it was, when I indicated that the material was available and that any hon. member who wished could get it in any quantity he required. My reason for not making a general distribution was simply to try to save money by not sending it to people who were not interested in it.

Mr. Alexander: A further supplementary question, Mr. Speaker. I must say this is a new approach. In view of the interest in this matter, I thought the documents would be tabled. Would the minister take it upon himself to publicize the documents so that the whole nation will know what we are talking about?

Mr. Jamieson: Mr. Speaker, I think that has been done, but if the hon. member has additional ways in which he wishes to have this done I shall be glad to comply. In the meantime I will table the documents.

Mr. Speaker: Order. We have almost reached the end of the question period. The Chair will recognize two or three members who have been trying to ask questions for a few days.

* * *

FISHERIES

ATLANTIC SALMON—SUGGESTED BOYCOTT OF DANISH GOODS

Mr. Walter C. Carter (St. John's West): Mr. Speaker, I have a question for the right hon. Prime Minister. Would the Prime Minister join his Minister of Fisheries in endorsing a consumer boycott of Danish products to protest the Danish position on fishing for salmon on the high seas?

Right Hon. P. E. Trudeau (Prime Minister): That is not the position of the Canadian government, Mr. Speaker, and of course I support the position of the Canadian government.

* * *

HARBOURS

CHURCHILL PORT AUTHORITY—REPRESENTATION FOR HUDSON BAY ROUTE ASSOCIATION

Mr. Bill Knight (Assiniboia): Mr. Speaker, I have a question for the Minister of Transport. In view of the announcement of appointments to the Churchill port authority, would the minister inform the House whether the Hudson Bay Route Association was approached in terms of having representation on the port authority?

Hon. Donald C. Jamieson (Minister of Transport): Mr. Speaker, my recollection is yes, but I could be wrong. I shall take the question as notice and try to find out.

* * *

ROYAL CANADIAN MOUNTED POLICE

RESTORATION OF FORMER IDENTIFICATION SYMBOL TO BUILDINGS AND CARS IN EDMONTON

Mr. Steven E. Paproski (Edmonton Centre): Mr. Speaker, I should like to direct my question to the Prime Minister. In view of the Prime Minister's commitment that the RCMP identification which has been removed from various buildings and cars will be restored, when will this identification be restored to the main RCMP building in Edmonton?

• (1520)

An hon. Member: This afternoon.

Some hon. Members: Oh, oh!

Right Hon. P. E. Trudeau (Prime Minister): That will be decided jointly by the Solicitor General and the Attorney General of Alberta, Mr. Speaker. They have been discussing this matter and I believe there is agreement in principle to proceed, but I am not aware of the timing which has been set for whatever measure they want to take jointly.

Mr. Paproski: I have a supplementary question.

Mr. Speaker: Order, please. We hardly have time for supplementary questions, but if the hon. member wants to take the last seconds allotted his party, he may do so.

PLANS FOR CENTENNIAL CELEBRATION

Mr. Steven E. Paproski (Edmonton Centre): Mr. Speaker, I should like the Prime Minister to tell the House what special plans the government has to commemorate the one hundredth anniversary next year of the world's finest police force, the Royal Canadian Mounted Police.

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I am sure the Solicitor General will announce these plans in due course.

[*Translation*]

Mr. Speaker: The hon. member for Joliette asked a question a moment ago, and I am under the impression that it was not heard. Perhaps he would wish to repeat it.

* * *

FAMILY INCOME SECURITY PLAN

FAMILY ALLOWANCES—AGREEMENT BETWEEN OTTAWA AND QUEBEC—EXERCISE OF LEGISLATIVE POWER BY QUEBEC

Mr. Roch La Salle (Joliette): Mr. Speaker, in that case, I shall repeat my question to the Minister of National Health and Welfare.

Last Wednesday, according to a report published in *La Presse*, the Premier of Quebec stated:

—that Quebec will retain what it calls the legislative paramountcy in the administration of the federal family allowance program.

I wish to ask the minister whether negotiations between Quebec and Ottawa are completed and whether he can assure the House that Quebec will retain the legislative paramountcy in this field.

[*English*]

Hon. John C. Munro (Minister of National Health and Welfare): Mr. Speaker, as I indicated to the hon. member earlier, discussions with Quebec have not dealt with the question of legislative primacy but have been more along the lines of working out an acceptable solution to family allowances that would be in line with Quebec priorities, and at the same time, with the co-operation of the federal government through its family allowances plan, to provide assistance to people most in need of it. I believe the negotiations are almost completed and I hope we can now get on with the job.

Mr. Speaker: Orders of the day.

Mr. Howe: Mr. Speaker, I rise on a question of privilege. Earlier today I drew to the attention of the House the fact that there is on the order paper a motion for the production of papers in my name concerning a second international airport in Toronto. In reply to a question by the hon. member for Hamilton West, the Minister of Transport indicated that these documents are available.

I cannot understand why the motion I placed on the order paper on April 13 for these documents has not been dealt with and the documents tabled. Perhaps the minister would explain why the documents have not been produced.

Mr. Jamieson: Mr. Speaker, I apologize to the hon. member. I do not know why there has been a delay; there certainly should not have been. I will look into this matter right away.

GOVERNMENT ORDERS

FARM CREDIT ACT

AMENDMENTS RESPECTING LOANS AND POWERS AND CAPITAL OF CORPORATION

The House resumed, from Tuesday, May 9, consideration of the motion of Mr. Olson that Bill C-5, to amend the Farm Credit Act, be read the second time and referred to the Standing Committee on Agriculture, the amendment thereto of Mr. Korchinski (p. 1872) and the amendment to the amendment of Mr. Knight (p. 1903).

Mr. J. H. Horner (Crowfoot): Mr. Speaker, I assure the House that my remarks this afternoon will be brief. I believe that a number of points should be made before this bill is referred by the House to the committee. The amendment we have moved deals with encouraging young people to take an interest in the agricultural field.

Last evening I suggested that the Farm Credit Corporation made about 7.6 per cent of its loans to farmers in the under 25 age group. The amendment does not spell out a specific age limit but it does specify that where young farmers meet performance standards—by that we mean making the payments on their loans and meeting the other commitments in the agreements they sign—they should receive a bonus. This is certainly a worthy amendment and should have the support of the House. I hope to receive that support from the agricultural committee when the bill is considered there.

There are a number of other matters in this bill which cause me great concern. Clause 1 is of particular concern. I want to emphasize that the bill will be sent to the

committee with a great deal of reservation on my part and on the part of other members of this party. Clause 1 in part reads:

The corporation has all the powers necessary to carry out such duties or functions as may be assigned to it by the governor in council in relation to the administration of any agricultural program—

If this bill is passed, the governor in council could ask the corporation to do almost anything. There is too much of this kind of thing going on today in Canada. Parliament and the elected representatives of the people are being bypassed in this way to the point that the government is now a sort of dictatorship.

The Minister of Agriculture (Mr. Olson) has at times suggested that under this bill there will be provision for the Farm Credit Corporation to administer the small farms program. This program will be beneficial mainly to Quebec. It involves the expenditure of $150 million over a seven-year period. The minister has not given us any more information than that. The specific program spelled out by the minister on March 8 related to four matters. When we had officials of the Farm Credit Corporation before the committee, we asked how these four matters would be administered. One of the four items was special credit facilities to encourage prospective farm purchasers. This will mean that the Farm Credit Corporation will be in the business of lending money to land speculators. The manager of the Farm Credit Corporation said he thought that particular item had been dropped. We also asked about authority to enter the market directly to purchase and resell farms as the need arises. The manager of the Farm Credit Corporation thought that aspect had been dropped as well, but was not certain and did not want to commit himself on the matter.

There are four ways in which the small farms program announced by the minister would be used, and perhaps two of them have been dropped. The minister has not given us any information in this regard and has not attempted to explain what is meant by clause 1. While I will support the bill, many answers will have to be given to the committee in a much clearer way than has been the case so far. The Minister of Agriculture is as evasive as a greased pig. That is no way to pass legislation from this place to the committee. We shall be hard pressed in the committee to pass this legislation unless we receive more specific answers than those we have been given to date.

Obviously, this piece of legislation will be used to bring about any new gimmick the government dreams up in the field of agriculture, I suppose to entice Canadians to vote for the Liberal party in the coming election. It will also be used to move many farmers off the land. I do not think that is the direction in which Canadian agriculture or our farmers should be moving. In view of conditions around the world today, I think the farmer enjoys a high quality of life. He may not enjoy the riches of other people, but he still makes his own decisions and is not confronted with pollution and the crowds of the cities. We should encourage more farmers to stay on the land and more young people to take up farming.

We will be making amendments to the bill in committee in order to adjust the interest rate. This was one of the first major pieces of legislation to come before parliament after I was first elected. I well remember we had heated arguments at that time, as a result of which we pegged the interest rate at 5 per cent in respect of Farm Credit Corporation loans. The present Minister of Agriculture has seen this changed and for two years the interest rate has been 8 per cent and as high as 8¾ per cent.

The minister admits that there is no refinancing provision in the Farm Credit Act, although there should be. There is provision for refinancing under Central Mortgage and Housing Corporation as well as under many other mortgage systems. There should be refinancing every five years. The minister is reluctant to accept that idea because the interest rate may again rise and farmers would be required to pay even higher rates in five years' time. I certainly hope that is not the case.

This bill permits loans up to $100,000. That is a huge amount of money. If we do not make some special provision for repayment of this money, many young farmers may not be able to repay the loan and will end up in debt. The number of loans in arrears is increasing. Three years ago, in the province of Alberta, 15 per cent of Farm Credit Corporation loans were in arrears. The following year the figure was 21 per cent, and last year it was 25 per cent. This bill will not relieve that situation unless we bring in special provisions with regard to repayment of the money borrowed.

• (1530)

As I said in my earlier speech on this piece of legislation, this bill is a glaring example of omission with regard to answering the problems which exist today in the agricultural industry. Without saying anything further, I urge the minister and his parliamentary secretary, who is here today, to take very careful note that in committee we will want a full explanation of clause 1 and as to why reasonable interest rates cannot be set, at least in respect of part of these loans for the small farmer who meets the requirements of the legislation.

[*Translation*]

Mr. Marcel Lessard (Parliamentary Secretary to Minister of Agriculture): Mr. Speaker, on closing the debate on the motion for second reading of Bill C-5, I should like to do nothing more than to pay tribute to the directors of the Farm Credit Corporation. I believe, as all hon. members and, moreover, as the great majority of Canadian farmers, that the federal civil servants, as well as those employed in the various regions of this country, are doing a tremendous job to provide the best possible service to Canadian farmers. And for the work they have performed in the years gone by, Mr. Speaker, as well as for that they will most certainly accomplish in the coming years, I feel that we should express to them our genuine satisfaction.

This having been said, Mr. Speaker, I should like to thank the many hon. members who have taken part in the debate these last few days, and for the record, I shall state here that 28 members took the floor in order to express various opinions, raise several points of particular interest to them in the existing legislation, as well as in the amendments now before the House. I thank them for their contribution, since they have outlined interesting considerations, and I can assure them that we listened to them very carefully. The officials of the Farm Credit Corpora-

tion, like myself, took note of the recommendations and concerns they have expressed during their various interventions.

However, several hon. members commented on the amount of the arrears on the Farm Credit Corporation loans, especially in the Prairie provinces. Perhaps it might be advisable to examine the reimbursement situation in a much more positive light. By the end of the last financial year, on March 31, 1972, the situation in the Prairie region was as follows.

In Alberta, 12,868 farmers, that is 80.7 per cent of those who had borrowed money, were keeping up with their payments; in Saskatchewan, 15,880 farmers, that is 80.2 per cent, were in a similar situation; in Manitoba, 4,930 farmers, that is 79.3 per cent, were paying back their loan regularly.

With regard to the two central provinces of Canada, Ontario and Quebec, 13,199 Ontario farmers—92.7 per cent—and 7,152 Quebec farmers—93.1 per cent—were not behind in their payments.

This, Mr. Speaker, indicates that the situation in the Prairie region was a little more difficult than in Ontario or Quebec, which is understandable, since the amounts loaned in the Prairie region are quite important, as well as the amounts invested. Moreover, for the last three or four years, the slump in wheat sales in the Prairie region certainly had something to do with late repayments.

But in 1971, and this year, it does seem that income will become normal once again and that the Prairie farmers will fast make up for those arrears. To my mind, if the economy maintains itself, within two years at the most, those farmers should have made up their losses and have come back to the normal rate of delayed payments.

A survey of the situation throughout Canada reveals that 58,433 farmers, that is 84.6 per cent of all borrowers, were up to date in their payments by the end of the financial year.

These data must also be studied in the light of the recovery policy of the Corporation. When a borrower finds himself temporarily in financial difficulties, for reasons beyond his control, when payments would cause him hardships, the Corporation takes steps to defer them. I am convinced the hon. members will agree with this. Had the Corporation adopted a rigid attitude, the situation with regard to arreas would be very different. It would certainly be unfair to base ourselves on statistics concerning arrears to come to the conclusion that farmers are on the verge of bankruptcy, when the present conditions are partly due to the conciliating and moderate reimbursement policy of the corporation and depend of international conditions which have improved during the past few months.

In addition, Mr. Speaker, many members have made some comments on the provisions of clause (1) of Bill C-5 which would authorize the Farm Credit Corporation to perform other duties concerning the application of other farm programs on behalf of the government. I would like to point out that the said clause does not authorize the government to carry out the small farms development program nor any other farm program. The House has already authorized the expenditures concerning the small farms development program. Expenditures related to any other program should also be authorized by Parliament.

Clause (1) of the bill merely authorizes the corporation to carry out for the government programs previously approved by Parliament.

The corporation keeps a staff that it well versed in farm management, farm land appraisal, as well as property transactions. Furthermore, this staff is allocated throughout all agricultural areas of this country. It seems logical and reasonable to use the technical knowledge and existing administrative services of the corporation for the administration of certain agricultural programs, such as the small farms development scheme. It would surely be preferable to proceed thus rather than hire new employees and set up new administrative services which would only be used for the application of programs very closely connected with the work already done by the corporation. Such measures would allow better co-ordination of programs, avoid overlapping, and would be more efficient and less costly.

Having said this, Mr. Speaker, I would also like to refer to some other points, only a few of which have been raised.

Some hon. members have mentioned the fact that farmers are too far in debt already, and have said that this bill might cause them to get even further into debt. As far as straight figures are concerned, it is true that farmers may get further into debt, but this is not the only facet of the problem to be considered, as it is not merely a matter of getting into debt, but also a matter of assets.

• (1540)

Whether a farmer owes today $50,000 or $75,000 on properties worth $100,000 and $125,000 or whether he owed, 20 years ago, $10,000 or $15,000 on properties then worth $25,000 or $30,000, is absolutely the same thing.

Of course, the absolute figure has been increased, but proportionately speaking, I do not think there has been any substantial change.

Nowadays, people talk about low investment profits. Surely, everyone acknowledges that agricultural investments today do not yield what they should. But this is not attributable to credit as such. It is partly the result of our economic structures and of economic circumstances both Canadian and international. This is the main reason why farmers get such low prices for their end products. This is the source of all evil. The problem lies at this level and it is there that we should strive to rectify the situation as best we can, and although the soon to be established national farm products marketing agencies will certainly be a step forward—but not necessarily a solution to the problem—on the road to recovery for a better income in respect of the work and productivity of Canadian farmers.

I think we all realize that we must work hand in hand to convince Canadian consumers to pay more for Canadian agricultural products. We should try to sell this idea to our fellow citizens. There is too much anti-agriculture propaganda.

It is always alleged that agricultural products are very expensive. I believe that the main task we should under-

take together is to convince the Canadian consumer that he finally does not pay too much for food when compared with other consumer products he buys. That is the main point which we must attack.

Some mention was made, and with reason, of the decrease in the number of farms. Mr. Speaker, this situation has started many years ago; it is therefore not new. The phenomenon is not found only in Canada, it is worldwide. Consequently, it is unreasonable to attack the government. It is a normal evolution taking place in modern society. Cities attract people. Industrialization attracts people. Many things in large urban centres attract people, education, recreation and living facilities.

For all those reasons, unfortunately, the young are attracted to urban centres and it is very hard to find people to follow up in agriculture. Only by providing farm producers with a higher income shall we be able to ensure this. I am sure that young people will engage in agriculture if they know that they can make a decent living, and this is one of the challenges which we must face together.

Some hon. members have said that the interest rate was too high. They think that if the interest rate was set at 5 per cent, the problem would be solved. No, Mr. Speaker, it would not be. The best example I can give is that of the interest rate paid by Quebec farmers, who can borrow money from the Quebec Farm Credit Board at 2½ per cent. And yet, a figure was quoted last week which showed that 25,000 farmers in Quebec, which is about half the farmers there, were in receipt of some kind of welfare payments. Obviously, this cannot be due to their paying too much interest on their loans, since the rate is only 2½ per cent, and yet they are still in a very difficult situation.

Interest rates are not the issue. Of course, they may mean $500 or $600 per year. But this is not the only cause of depression in agriculture, and we will not solve the problem by reducing or by pegging interest rates.

Young people cannot start off in agriculture. Sure enough, it is hard for a young man to start off in agriculture, but it could be easy for him if we still looked at it the way we did 30, 40 or 50 years ago, when a father used to bequeath to his son the property he had developed and acquired and which had been paid for the most part. That principle is still applied within the family farm which is endangered according to some people. Those who have a family farm believe in that despite what can be said here in this House. Instead of selling his son the farm he had developed and which was almost entirely paid for, the father used to transfer it to him so that he would not inherit a debt of $25,000, $35,000 $60,000 or $80,000 which he would drag all his life and which would force him to raise a minimum of cash in order to qualify for a loan.

If the family farm were transfered, as it is being mentioned, there would be no problem for any young man interested in agriculture. Unfortunately, that is not the case nowadays. We understand very well why the young man finds it so difficult to get the operation going.

In concluding, Mr. Speaker, I should like to refute the two amendments on which we shall be voting in a few minutes.

The Progressive Conservative amendment would have us write off part or all of the interest on loans to young new farmers. That is an excellent idea, I think, and it would be ungracious to say the contrary. But if we read the proposal, we realize that a vote for that amendment would kill the bill now before us and we would have to start all over again. It means killing the present bill.

I do not think we can approve this amendment, because of its immediate negative consequences, even though the objective is not necessarily bad. This is a good amendment, but I doubt that it would be an ideal answer and that it would attract a greater number of the younger people to farming.

As for the sub-amendment moved by our friends of the New Democratic Party, they obviously establish a distinction as to the qualities on which young farmers would be selected for obtaining interest deductions on loans. They would like to see the selective process eliminated from the proposal made by the Progressive Conservative Party. I am sure that, if a selection has to be made within a selected group, things will get much more complicated and I agree with them that those who would have to appraise the qualifications and skills of young farmers would have a difficult job, a job in which appraisals could be arbitrary to a certain extent. From that point of view, I agree with them and if subsequently the government was to introduce a measure to encourage young people to engage in agriculture or to stay on the farm, selection criteria should be examined very carefully in order that they do not include too many arbitrary elements.

This being said, Mr. Speaker, I suggest that the House reject these two amendments so that the bill may be referred immediately to the Committee on Agriculture for consideration. I hope it will be examined quickly so that it comes back to the House to be passed and that Canadian farmers may take advantage of it immediately.

[*English*]

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

Some hon. Members: Question.

The Acting Speaker (Mr. Laniel): The question is on the amendment to the amendment. All those in favour will please say yea.

Some hon. Members: Yea.

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

Some hon. Members: Nay.

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

And more than five members having risen:

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

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

• (1550)

(Division No. 15)

YEAS

Messrs:

Benjamin
Brewin
Broadbent
Burton
Douglas
Gilbert
Gleave
Harding
Knight
Knowles (Winnipeg North Centre)
Lewis
MacInnis (Mrs.)
Mather
Nystrom
Orlikow
Peters
Rose
Rowland
Saltsman
Skoberg
Thomson (Battleford-Kindersley)—21.

NAYS

Messrs.:

Aiken
Alexander
Alkenbrack
Allmand
Andras
Asselin
Badanai
Barrett
Basford
Beaudoin
Béchard
Beer
Bell
Benson
Bigg
Blair
Blouin
Breau
Buchanan
Caccia
Cadieu
Cafik
Caouette
Carter
Chrétien
Clermont
Cobbe
Comtois
Corbin
Corriveau
Côté (Richelieu)
Côté (Longueuil)
Crossman
Crouse
Cullen
Cyr
Danforth
Danson
Davis
Deachman
Deakon
De Bané
Diefenbaker
Dinsdale
Dionne
Downey
Drury
Dubé
Dupras
Duquet
Fairweather
Faulkner
Flemming
Forest
Forget
Foster
Francis
Gauthier
Gendron
Gervais
Gibson
Gillespie
Godin
Goode
Goyer
Gray
Grills
Guay (St. Boniface)
Guilbault
Hees
Hopkins
Horner
Howard (Okanagan Boundary)
Howe
Isabelle
Jamieson
Jerome
Knowles (Norfolk-Haldimand)
Korchinski
Laing (Vancouver South)
Lajoie
Lambert (Edmonton West)
Lang (Saskatoon-Humboldt)
Langlois
Laniel
Laprise
La Salle
Latulippe
Leblanc (Laurier)
LeBlanc (Rimouski)
Legault
Lessard (Lac-Saint-Jean)
L'Heureux
Lind
MacDonald (Egmont)
Macdonald (Rosedale)
MacEachen
MacInnis (Cape Breton-East Richmond)
MacKay
Macquarrie
MacRae
McBride
McCutcheon
McGrath
McIntosh
McKinley
McNulty
McQuaid
Mahoney
Major
Marceau
Marchand (Langelier)
Marchand (Kamloops-Cariboo)
Marshall
Matte
Mazankowski
Muir
Munro
Murta
Nesbitt
Noble
O'Connell
Osler
Otto
Ouellet
Paproski
Peddle
Pelletier
Pepin
Perrault
Portelance
Prud'homme
Ricard
Richardson
Ritchie
Roberts
Rochon
Rodrigue
Roy (Timmins)
Roy (Laval)
Ryan
Rynard
Schumacher
Serré
Sharp
Simpson
Skoreyko
Smith (Northumberland-Miramichi)
Smith (Saint-Jean)
Southam
Stafford
Stanbury
Stanfield
Stewart (Cochrane)
Stewart (Marquette)
Stewart (Okanagan-Kootenay)
Sullivan
Tétrault
Thomas (Moncton)
Thompson (Red Deer)
Tolmie
Trudeau
Trudel
Turner (London East)
Wahn
Watson
Weatherhead
Whelan
Whicher
Whiting
Yanakis—171.

• (1610)

Mr. Speaker: I declare the subamendment lost. The next question is on the amendment. Is it the wish of hon. members that we proceed with the division on the amendment without ringing the bells?

• (1620)

Some hon. Members: Agreed.

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

[Division No. 16]

YEAS

Messrs:

Aiken
Alexander
Alkenbrack
Asselin
Beaudoin
Bell
Bigg
Cadieu
Caouette
Carter
Crouse
Danforth
Diefenbaker
Dinsdale
Dionne
Downey
Fairweather
Flemming
Gauthier
Godin

Division

Messrs:

Grills
Hees
Horner
Howe
Knowles (Norfolk-Haldimand)
Korchinski
Lambert (Edmonton West)
Laprise
La Salle
Latulippe
MacDonald (Egmont)
MacInnis (Cape Breton-East Richmond)
MacKay
Macquarrie
MacRae
McCutcheon
McGrath
McIntosh
McKinley
McQuaid
Marshall
Matte
Mazankowski
Muir
Murta
Nesbitt
Noble
Paproski
Peddle
Ricard
Ritchie
Rodrigue
Ryan
Rynard
Schumacher
Simpson
Skoreyko
Southam
Stanfield
Stewart (Marquette)
Tétrault
Thomas (Moncton)
Thompson (Red Deer)—63.

NAYS

Messrs:

Allmand
Andras
Badanai
Barrett
Basford
Béchard
Beer
Benjamin
Benson
Blair
Blouin
Breau
Brewin
Broadbent
Buchanan
Burton
Caccia
Cafik
Chrétien
Clermont
Cobbe
Comtois
Corbin
Corriveau
Côté (Richelieu)
Côté (Longueuil)
Crossman
Cullen
Cyr
Danson
Davis
Deachman
Deakon
De Bané
Douglas
Drury
Dubé
Dupras
Duquet
Faulkner
Forest
Forget
Foster
Francis
Gendron
Gervais
Gibson
Gilbert
Gillespie
Gleave
Goode
Goyer
Gray
Guay (St. Boniface)
Guilbault
Harding
Hopkins
Howard (Okanagan Boundary)
Isabelle
Jamieson
Jerome
Knight
Knowles (Winnipeg North Centre)
Laing (Vancouver South)
Lajoie
Lang (Saskatoon-Humboldt)
Langlois
Lanïel
Leblanc (Laurier)
LeBlanc (Rimouski)
Legault
Lessard (Lac-Saint-Jean)
Lewis
L'Heureux
Lind
Macdonald (Rosedale)
MacEachen
MacInnis (Mrs.)
McBride
McNulty
Mahoney
Major
Marceau
Marchand (Langelier)
Marchand (Kamloops-Cariboo)
Mather
Munro
Nystrom
O'Connell
Orlikow
Osler
Otto
Ouellet
Pelletier
Pepin
Perrault
Peters
Portelance
Prud'homme
Richardson
Roberts
Rochon
Rose
Rowland
Roy (Timmins)
Roy (Laval)
Saltsman
Serré
Sharp
Skoberg
Smith (Northumberland-Miramichi)
Smith (Saint-Jean)
Stafford
Stanbury
Stewart (Cochrane)
Stewart (Okanagan-Kootenay)
Sullivan
Thomson (Battleford-Kindersley)
Tolmie
Trudeau
Trudel
Turner (London East)
Wahn
Watson
Weatherhead
Whelan
Whicher
Whiting
Yanakis—129.

[Mr. Speaker.]

Mr. Speaker: I declare the amendment lost. The next question is on the main motion. Is it the pleasure of the House to adopt the said motion?

Some hon. Members: Agreed.

Mr. Speaker: Those in favour of the motion will please say yea.

Some hon. Members: Yea.

Mr. Speaker: Those opposed will please say nay.

Some hon. Members: Nay.

Mr. Speaker: In my opinion the yeas have it.

And more than five members having risen:

Mr. Speaker: Is it the wish of the House that we proceed with the division without ringing the bells?

Some hon. Members: Agreed.

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

[*Division No. 17*]

YEAS

Messrs:

Aiken
Alexander
Alkenbrack
Allmand
Andras
Asselin
Badanai
Barrett
Basford
Beaudoin
Béchard
Beer
Bell
Benjamin
Benson
Bigg
Blair
Blouin
Breau
Brewin
Broadbent
Buchanan
Burton
Caccia
Cafik
Caouette

Division

Messrs:

Carter
Chrétien
Clermont
Cobbe
Comtois
Corbin
Corriveau
Côté (Richelieu)
Côté (Longueuil)
Crossman
Crouse
Cullen
Cyr
Danforth
Danson
Davis
Deachman
Deakon
De Bané
Diefenbaker
Dinsdale
Dionne
Douglas
Downey
Drury
Dubé
Dupras
Duquet
Fairweather
Faulkner
Flemming
Forest
Forget
Foster
Francis
Gauthier
Gendron
Gervais
Gibson
Gilbert
Gillespie
Gleave
Godin
Goode
Goyer
Gray
Grills
Guay (St. Boniface)
Guilbault
Harding
Hees
Hopkins
Horner
Howard
(Okanagan Boundary)
Howe
Isabelle
Jamieson
Jerome
Knight
Knowles (Winnipeg)
North Centre)
Knowles (Norfolk-
Haldimand)
Korchinski
Laing
(Vancouver South)
Lajoie
Lambert
(Edmonton West)
Lang
(Saskatoon-Humboldt)
Langlois
Laniel
Laprise
La Salle
Latulippe
Leblanc
(Laurier)
LeBlanc
(Rimouski)
Legault
Lessard
(Lac-Saint-Jean)
Lewis
L'Heureux
Lind
MacDonald
(Egmont)
Macdonald
(Rosedale)
MacEachen
MacInnis
(Cape Breton-East Richmond)
MacInnis (Mrs.)
MacKay
Macquarrie
MacRae
McBride
McCutcheon
McGrath
McIntosh
McKinley
McNulty
McQuaid
Mahoney
Major
Marceau
Marchand
(Langelier)
Marchand
(Kamloops-Cariboo)
Marshall
Mather
Matte
Mazankowski
Muir
Munro
Murta
Nesbitt
Noble
Nystrom
O'Connell
Orlikow
Osler
Otto
Ouellet
Paproski
Peddle
Pelletier
Pepin
Perrault
Peters
Portelance
Prud'homme
Ricard
Richardson
Ritchie
Roberts
Rochon
Rodrigue
Rose
Rowland
Roy
(Timmins)
Roy
(Laval)
Ryan
Rynard
Saltsman
Schumacher
Serré
Sharp
Simpson
Skoberg
Skoreyko
Smith
(Northumberland-Miramichi)
Smith
(Saint-Jean)
Southam
Stafford
Stanbury
Stanfield
Stewart (Cochrane)
Stewart (Marquette)
Stewart (Okanagan-Kootenay)
Sullivan
Tétrault
Thomas (Moncton)
Thompson (Red Deer)
Thomson
(Battleford-Kindersley)
Tolmie
Trudeau
Trudel
Turner (London East)
Wahn
Watson
Weatherhead
Whelan
Whicher
Whiting
Yanakis—191.

NAYS

Messrs:

Nil

Nil

Mr. Speaker: I declare the motion carried.

Bill read the second time and referred to the Standing Committee on Agriculture.

• (1630)

Mr. Speaker: Before the House proceeds with the next order, I believe the hon. member for Cape Breton-East Richmond (Mr. MacInnis) has a point of order.

Mr. MacInnis: On a point of order, Mr. Speaker, according to the rules of the House the vote of the Minister of Indian Affairs and Northern Development (Mr. Chrétien) and the vote of the Minister of National Health and Welfare (Mr. Munro) should be deleted.

An hon. Member: Why?

* * *

OLD AGE SECURITY ACT

AMENDMENTS RESPECTING ESCALATION OF PENSIONS, RESIDENCE REQUIREMENTS, INCREASE IN GUARANTEED INCOME SUPPLEMENT

Hon. John C. Munro (Minister of National Health and Welfare) moved that Bill C-207, to amend the Old Age Security Act, be read the second time and referred to the Standing Committee on Health, Welfare and Social Affairs.

He said: Mr. Speaker, it is a great pleasure to rise in the House today to recommend swift passage of the bill now before the House. In this connection, in terms of the assistance it renders our senior citizens it would be useful to review the record of the Liberal government since 1963 with regard to improving the financial security of Canadians over 65, especially when compared with the previous administration up to 1963. I think you will find, Mr. Speaker, it is a very enviable record indeed.

In 1963 the old age security pension stood at $65 a month. In 1964, under a Liberal government, the old age security pension was raised to $75 a month. In 1966, two years later, the government again moved in this field and

introduced a series of new steps which further strengthened the income floor for our senior citizens; a $30 a month supplement was added to basic old age security, which was available to pensioners lacking other resources to provide for their retirement income. That brought the pension at that time, 1966, of those receiving old age security and the guaranteed income supplement up to $105 a month.

That legislation established the guaranteed income principle. Partial benefits were still available, even though many of our aged were receiving earnings, up to a certain level. Under that legislation there was no dollar for dollar deduction; there was no complete cut-off the minute other resources were available. Again in Liberal government legislation there was a new first. A concept of pension escalation was established to take into account the cost of living increase.

Mr. Orlikow: Why just 2 per cent?

Mr. Munro: The level of 2 per cent was set. It should be kept in mind that at no previous time was there any built-in escalation available. It should also be kept in mind that the 2 per cent level was set after a comparison of price increases for the previous five years, indeed the previous ten years, which indicated that this was indeed adequate. But we did say at that time that if at some future date the ceiling proved to be inadequate, then that ceiling could be adjusted. We are delivering on that promise today.

A third and important feature of Liberal government legislation in 1965 was that it involved the lowering of the age of eligibility on a staged basis from 70 to 65 years of age. This eliminated the inadequate and under-utilized old age assistance program with its rather degrading means test. As of today, the old age security and guaranteed income supplement provide a floor for all people 65 years of age and over on the basis of a simple and non-degrading incomes test, a test which has more than proved its validity over the years since its inauguration.

I have referred to significant moves by the Liberal government in raising the pension to $75 a month in 1963 and in raising the basic floor of pensions up to $105 a month in 1966. I should like to move on to 1970, four years later, to the next plank in the improvement of pension benefits. In December of 1970, following the white paper on income security we established the basic old age security pension at $80 with a supplement of up to $55 a month in the case of a single person, for a maximum of $135 a month. In the case of a married couple the supplement was $95 a month. This, together with the combined old age security pension of $160, adds up to $255 a month.

Moreover, all those eligible for full or partial supplementation maintained their eligibility for the cost of living escalation of the full amount of their pension, both the basic old age security benefit and the guaranteed income supplement. So again in 1970 we had a very significant increase in income support afforded to our senior citizens.

Mr. Knowles (Winnipeg North Centre): Tell us about taking the escalation off the basic $80.

[Mr. Munro.]

Mr. Munro: Today we are once more moving into a major area of improvement of benefits for our senior citizens. We are now raising the maximum guaranteed income supplement for a single person to $150 a month from the previous $135, and we are raising the pensions of married senior citizens to $285 a month, in addition to which we are providing full escalation of both old age security and the guaranteed income supplement. We are removing the 2 per cent limitation and keeping the escalator in line with the cost of living increase. I think all members will agree that this very substantial absolute amount in pension, together with bringing for the first time in Canadian history the cost of living escalation in line with the cost of living index, is a very great step indeed in the support of our senior citizens.

• (1640)

Let us review the situation, then. In 1966 the pension stood at $105 per month for a single person. Today, in 1972, it is $150 a month. In 1966, for a married couple, the pension was $210 a month and today it is $285 a month. That is a very significant increase within a six-year period. In less than a decade of Liberal administration the income floor has risen from $65 a month to $150 a month, or $95 a month additional income which is an increase of almost 150 per cent. In addition, this assistance is available five years earlier than it used to be and now offers complete protection against increases in the cost of living.

I do not believe, having examined the legislation of just about all the nations in the free world, there is any country which has provided for its senior citizens as adequately as Canada under this administration. We can take justifiable pride in the fact that we now have levels approaching adequacy for our senior citizens.

That is not the only area, in terms of our senior citizens, into which we have moved in the past decade. In terms of income supplement this is only one area. As a matter of fact, as many of us know, the government originally conceived the income supplement as a plan transitional to the full implementation of one of the most important pieces of legislation brought in by any Canadian government, the Canada Pension Plan. This was another major thrust of the government during this decade.

An hon. Member: How about drugs?

Mr. Munro: I will get to drugs in a moment.

Mr. Knowles (Winnipeg North Centre): You will need them.

Mr. Munro: The Canada Pension Plan will be in full operation in 1976, paying out full benefit levels. This, of course, not only includes retirement pensions but also disability pensions and pensions for widows and orphans. I think it is important to note that the Liberal government felt the welfare of our citizens in their retirement years to be so important that it instituted a plan which will take only ten years to reach full maturity. Most comparable plans take a lot longer to reach full maturity.

The Canada Pension Plan guarantees for the first time that pension benefits will be available to all Canadian workers, over and above the old age security payment,

regardless of the vagaries of coverage under private pension plans. Guarantees are now secure under the Canada Pension Plan in such vital areas as portability, which provides the certainty that in moving from one job to another basic pensions will remain intact. It provides for adequacy in ensuring that these government pensions remain constant with prevailing wage and salary rates.

In terms of scope of benefits, the Canada Pension Plan provides not only for the retirement area but also for areas of disability and protection for the family breadwinner in case of premature death. And, once again, the government kept its eye open to the future as well as to the present. A cost of living escalator is also built into the Canada Pension Plan. The government also intends to continue keeping that plan consistent with growth in wages and salaries in the Canadian economy. In this connection I would refer hon. members to the list of improvements in such vital areas as maximum pensionable earnings contained in the government white paper on income security.

In the senior citizens income security field we not only have old age security and guaranteed income supplements providing for present conditions but also the Canada Pension Plan guaranteeing the future. Even now the federal government has an additional safety-net under senior citizens for whom even full old age security and guaranteed income supplements may not be sufficient. I refer to the provisions of the Canada Assistance Plan. This was another cardinal achievement in social policy instituted under a Liberal administration. It permits among many other things, supplementary benefits over and above the guaranteed income supplement, to be shared equally by federal and provincial governments, if the provinces see that there are additional needs to be met.

Finally, I should mention that the government has not only acted to provide security through its own programs. It is also providing encouragement for Canadians who wish to use part of their current income to give themselves extra protection in retirement years. I refer, of course, to the income tax provision which allows the deduction of contributions made by an individual to a registered retirement savings program. Hon. members may recall that just last session, in the context of the general tax reform legislation, this government increased even further this encouragement by raising the deductible ceiling of such contributions to $2,500 a year.

I have indicated the numerous areas into which the government has moved to provide adequate income support for our senior citizens. There are other areas I should like to mention now under the heading of relief from major expenses which, if it were not for legislation passed by this government, would put our senior citizens to extra expense. I have outlined in previous speeches the major features of some of these. However, we know that the provision of income is only one of the ways in which our senior citizens can be assisted. The provision of income helps them purchase what they require to maintain an adequate standard of living, but in a number of areas these people need services which far exceed the amount of income benefits to which they are eligible. Accordingly, the government has moved to ensure that the burden of many of these expenses is removed from their shoulders.

Let me point out the health field in particular. It was a Liberal administration in the 1950s which brought in the hospital insurance program, and it was a Liberal administration in the 1960s which brought in the medical care insurance program. Of course, these measures assisted all Canadians, but they were of greatest assistance to our senior citizens. In addition to bringing in hospitalization and medicare as provisions to protect our senior citizens against the outlay of expenses they could ill-afford, we brought in another measure. We realized that often under hospitalization and medicare there might be premium payments which our senior citizens could not afford. That is why the Canada Assistance Plan, a Liberal achievement of the 1960s, ensures that premium relief for needy, elderly Canadians could be cost-shared by the federal government.

• (1650)

Of course, senior citizens have special health needs which go beyond the ordinary services provided by doctors and hospitals. I refer to special institutions such as chronic care homes—and convalescent homes, as well as extensive use of prescription drugs. Again, the Canada Assistance Plan provides that the cost of supplying and maintaining these services can be extensively shared by the federal government. Thus, most of the burden of keeping up one's health, so important to the enjoyment of one's retirement years, has been lifted from the shoulders of our senior citizens through the programs the nature of which I have described.

Again we have justifiable pride, in comparison with any country in the western world, in terms of the income support provided our senior citizens. I do not believe there is any country in the free world which provides comparable legislation to that which guarantees Canadian senior citizens adequate protection.

I have indicated some measures to relieve our senior citizens from expenses. I will move into one other area in this complex program to assist our senior citizens. I refer to housing. Through Central Mortgage and Housing Corporation the government provides for senior citizens' housing. In recent years this has been drastically increased. Also in this area the Canada Assistance Plan makes provision for federal sharing of the cost of maintaining needy senior citizens in homes for the aged.

But even that is not all. One other major expense which Canadian citizens, including senior citizens, must bear is the expense of paying taxes. In the tax field the government realizes its special responsibility to lighten the burden of our senior citizens. This is why only last year we raised the supplementary tax deduction for our older people from $500 to $650 and at the same time reduced the age of eligibility for this deduction from 70 to 65. This effectively exempts those Canadians in receipt of the guaranteed income supplement for the aged from all tax responsibility. And again, on Monday night hon. members heard of yet another step along this same path when the Minister of Finance announced that these exemptions would now be raised to $1,000.

So having talked about programs designed to relieve our senior citizens of expenses, as well as the income support measures, I would now like to move quickly into the area of services for our senior citizens. As I have already mentioned, we have provided an income floor for our senior citizens and we have relieved them of major areas of expense. But to provide financial support and relief in the area of financial expense is really not enough. These actions are essentially passive. They provide the senior citizens the financial ability to live a life approaching comfort. But positive action is also highly desirable in programs which allow our senior citizens to participate in activities which add social and emotional richness to their lives. Just for this reason the Canada Assistance Plan provides cost-sharing services which permit this rounding-out, including such things as home visiting programs and some recreational programs. Again, I think hon. members should be justifiably proud of these provisons.

However, this still leaves one other important area of human activity. I refer to the area of challenge. Simply because a person has advanced to a certain age level does not mean he has ceased to be able to make a meaningful contribution to our society. There are many talents and skills among Canadians 65 years of age and over which ought to be tapped both to enhance a sense of continued meaning in their lives and also to benefit those who can make great use of the skills of our senior citizens.

One prototype program in this regard is now operating under the aegis of the Department of External Affairs. I refer to Canadian Executive Service Overseas, a program which seeks to make available to developing countries the knowledge and talents of experienced executives and managers, people imbued with the wisdom that has come from many years of experience. Programs such as these give the cue to moving ever more strongly in this area, and this is indeed our intention. I will have more to say about it at a later date, but I think that the New Horizons for the Aged program which the Minister of Finance announced in his Monday night budget will provide even more opportunities for those 65 years of age and over to stay right in the mainstream of Canadian society, rather than being forcibly turned out to pasture and confined to an inactive existence.

So in review I would indicate that we have now moved up, since 1966, from a guaranteed income supplement which provided $155 a month to an income supplement which guarantees a single person $150 a month.

Mr. Knowles (Winnipeg North Centre): That first figure should be $105.

Mr. Munro: That, of course, is even better. As the hon. member for Winnipeg North Centre (Mr. Knowles) states, the former amount should be $105.

Mr. Knowles (Winnipeg North Centre): The minister said $155 when he meant $105. He should follow his notes.

Mr. Munro: We now have the level of $150 a month for a single person and $285 a month for a married couple. Added to this we have had significant tax relief through improvement of exemptions. And under the Canada Assistance Plan, services such as institutional care and drugs can be provided our senior citizens.

Mr. Rynard: Oh, oh!

Mr. Munro: Yes, indeed, they can. Since there is significant income support under the present legislation to $150 a month for a single person and $285 a month for a married couple, perhaps the provinces no longer will find it necessary to give additional income support as some of them, though not all, have been doing. Perhaps this will enable them to take greater advantage of the cost-sharing arrangements under the Canada Assistance Plan to provide these very necessary services for our senior citizens.

Couple all this with a stepped-up housing program and the proposed New Horizons program to encourage participation of our senior citizens in useful and meaningful endeavour, to help end the isolation from which so many of them suffer, and I think the government in advancing this legislation today can take justifiable pride in the provision of income support services and protection against crippling expenses which is unequalled in any other country in the western world.

• (1700)

Mr. Jack Marshall (Humber-St. George's-St. Barbe): Mr. Speaker, in the interest of the rapid passage of the bill on second reading I will not be too long. I would just like to mention my amazement at the fact that two or three days after the budget speech the government can suddenly come up with amendments to this bill. All we have to do is look back at the Family Income Security Plan in Bill C-170 which has dragged for almost two years, and we have not yet obtained benefits for the children of this country, benefits which are so badly needed by the low-income families.

The minister spoke about the great things the government is going to do. We agree that this bill is a good one, but less than seven weeks ago, on March 23, 1972, the Minister of National Health and Welfare (Mr. Munro) rejected the Progressive Conservative appeal to the government which read as follows:

—to contribute to pensions, allowances and other benefits granted or administered by the government a yearly percentage increase corresponding to the percentage increase in the consumer price index for Canada.

The minister that night voted against the motion which read exactly as I have quoted it. Today, we in the House of Commons are in the incongruous position of having the same motion put before us in the form of a bill introduced by none other than the minister himself. What miracle wrought this conversion from a steadfast no on March 23 to a definite yes on May 8? The minister had some interesting things to say on March 23, 1972. He dismissed absolutely our requests for fairness to Canada's 1,800,000 recipients of the universal old age pension and our pleas that he raise pensions to a decent level and peg them to rises in the cost of living. He said, and I quote from page 1103 of *Hansard*:

As a government, we have obviously decided that in terms of bringing money to those who need it in waging a successful campaign against poverty, we must change from making universal payments to everyone, irrespective of income, to a selective technique. We must have an income test—I call it a guaranteed income technique—applied to what was previously our universal demogrant program of old age security—

Anyone listening to that speech might have been led to believe that the government contemplated no changes in the old age security legislation. If we were to believe the minister, the 2 per cent maximum cost of living increase to the guaranteed income supplement was more than adequate because he said, again on March 23, as recorded in *Hansard* at page 1105, that the 2 per cent cost of living increase—

—is proving to have the tendency to keep reasonably in line with increases in the cost of living.

Suddenly, between March 23 and May 8, the minister has discovered that old age pensioners deserve a better break and a more just cost of living increase on their benefits, just as we argued on March 23. Perhaps the minister found so much sympathy within the Liberal party for the Conservative party's motion that he had to work hard to incorporate the proposal into his party's platform just to stem the tide of those in his party who objected.

Consistency has never been one of the Liberal government's better attributes nor one of the Minister's strong points. From now on, whenever I or any of my colleagues ask the minister a question or press him for some reform and he gives a negative reply, we shall be confident that our request will be Liberal government policy within about six weeks—perhaps a little longer if an election does not appear imminent. The inconsistency and the cynicism of this Liberal government makes one wonder. First they bring in and then act on a white paper that shaves off the old age pension at $80 a month, with no cost of living increase guaranteed. Then more than two years later, when the nearness of an election makes it politically expedient, they belatedly promise a cost of living increase to these deserving old people.

Obviously, the polls have the government so terrorized that what we are witnessing today is a deathbed conversion. A conversion is better late than never, but I remind the government that few deathbed conversions have saved the dying patient's life, and this late move is unlikely to save a dying Liberal government.

There were three changes in pension legislation announced in the budget speech of the finance minister on May 8, 1972. These three changes were: first, to escalate the basic old age security pension by the full increase in the consumer price index, effective January 1, 1972; second, to increase the maximum guaranteed income supplement by $15 per person as of January 1, 1972, with full escalation after April 1, 1973; third, to escalate veterans pensions and allowances by the full increase in the consumer price index, effective January 1, 1972. These changes are a welcome but belated recognition of the needs of Canada's aged and veterans. But because these needs are so late in being recognized by the government, the measures proposed do not even begin to make up the ground lost in the last few years.

First of all, the failure of this government to escalate the basic old age pension according to increases in the cost of living from the time they first came into power is depriving old age pensioners of a healthy sum of money each month. If the Liberal government had actually embarked on its promises and the goal of a just society which it promised in 1968, it would have arranged for old age security pensions and guaranteed income supplements to be increased yearly at a rate corresponding to the annual rise in the cost of living.

If such a plan had been instituted, then the 1967 old age security pension would have risen by a fair margin by 1972. Old age pensioners, therefore, should have been receiving on January 1, 1972, much more than the $82.88 the government is now offering them with retroactive magnanimity. I will move an amendment to this effect at the end of my short speech.

Second, the change in the guaranteed income supplement, a program wildly hailed by Liberal government members as the answer to poverty among the aged, still will not bring Canada's poverty stricken up to the 1971 poverty line. Consider, for example, the single, old age pensioner whose income is less than $24 a year and who is therefore eligible for the maximum guaranteed income supplement. He will now receive a total annual income from old age security, the guaranteed income supplement and his own sources, of $1,834 to $1,858. But the poverty line for a single person in 1971 was $2,013. Therefore, the government is still guaranteeing poverty for Canada's aged now receiving the maximum supplement, by keeping their annual income from $155 to $179 below last year's poverty line. At least 27.3 per cent of all Canada's old age pensioners, involving 481,451 individuals, will be kept in this guaranteed annual poverty position.

Third, the change in the guaranteed income supplement legislation will be of no benefit to Canada's veterans who are in receipt of the guaranteed income supplement, for whatever additional money they receive through the guaranteed income supplement will be deducted from their veterans pension. The $15 they receive from the Department of National Health and Welfare will be deducted from the pension they have been receiving from the Department of Veterans Affairs. Nowhere in his budget did the finance minister estimate the savings to the federal government as a result of the $15 a month lowering of veterans pensions to Canada's aged veterans. I imagine that the minister's attitude is sunshine budget now, tears later.

With regard to veterans, the single veteran over 65 years of age is now eligible to receive $161 a month. With the increase of $15, an aged person who is 65 years of age and not a veteran would be receiving only $150. So he will lose that $15. At the same time, the married veteran whose spouse is also over 65 years of age is now getting $271. He will get an increase of only $14, which is what the wife would receive anyway as an old age citizen.

These three criticisms of the Liberal government's new look for old age pensioners are important ones on which I expect the minister to act within seven weeks, if his past record of requiring seven weeks for conversion to Progressive Conservative ideals and suggestions continues. We also await anxiously his promised introduction of the New Horizons for the Aged policy mentioned in the budget speech. Perhaps in this new policy the Minister of National Health and Welfare will recognize that in addition to being voters who have urgent needs, the aged are human beings and Canadians who want to participate fully in our society.

One further aspect of this bill worries me. This problem concerns the fact that the Minister of Finance (Mr. Turner) must expect old age pensioners to be financial wizards. This year, old age pensioners are to receive, effective the first day of the calendar year, a cost of living increase in their pensions based on the rise in the consumer price index over the fiscal year. Next year they will receive, on the first day of the fiscal year, a cost of living increase based on the rise in the consumer price index during the 1972 calendar year. With visions of fiscal and calendar years dancing in their heads, they will have many sleepless nights trying to figure out what amount of money they can count on through old age security benefits over the next few months.

• (1710)

I would like, Mr. Speaker, during this debate to place reform of old age pensions in the context of the budget itself. This reform has more to recommend it than the fact that it is long overdue. It is the single initiative in the budget that will provide direct stimulus to aggregate demand and thereby immediate stimulus to job creation. It is not adequate but it is one step in the right direction. I think it is appropriate to talk about the over-all effect of the budget in this debate because this measure and the budget are primarily responses to continuing inflation in Canada.

The continuing improvement in old age pensions will protect old people against inflation and provide some stimulus to the economy as a whole. The over-all budget, however, will perpetuate massive unemployment to fight inflation. The budget is not really directed toward reducing unemployment. The budget is not directed toward reaching full employment in the future. The budget does not represent a change in policy. All the government has done is to shift from creating massive unemployment to perpetuating it. This situation is not the fault of the Canadian economy and it is not a whim of fate. We have mass unemployment and will continue to have mass unemployment because this is the wilful policy of the government.

The budget could have been designed to get us on a swift path to full employment. The corporate tax cuts are necessary, but in my opinion they will do little to reduce unemployment directly. Their effect will not be significant until the latter part of 1973. This, of course, is common knowledge in economic circles and also in government circles. We know, and the government knows, that full employment is possible without running the risk of inflation greater than that of our major trading partners. All that stands in the way is a fearful government that refuses to allow the individual taxpayer and the economy to realize their potentials.

I will not deal with the many programs the minister announced and the "great" policies that the government has come up with in past years. He mentioned the Canada Assistance Plan and the housing program. If there is one thing that worries me and many Canadians, it is the situation with regard to housing, particularly for old age pensioners and senior citizens. I hope the minister will be able to persuade his colleagues to adopt a proper housing program for poor Canadians. I shall end my speech, Mr.

[Mr. Marshall.]

Speaker, by moving the following amendment, seconded by the hon. member for South Shore (Mr. Crouse):

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

"this House, deeply conscious of the need to increase the old age security pension so as to reflect the full increase in the consumer price index since January 1, 1967, to date with adjustments to the guaranteed income supplement, is of the opinion that the government should consider the advisability of introducing appropriate amendments to effect such changes to the present limited terms of the bill."

Mr. Deputy Speaker: Order, please. I have received a copy of the amendment from the hon. member. I am sure hon. members can assist the Chair, because I wonder whether the amendment is acceptable from a procedural standpoint. I do not know how many copies are available for hon. members, so I shall again read the amendment without indicating whether it is procedurally acceptable. It reads:

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

"this House, deeply conscious of the need to increase the old age security pension so as to reflect the full increase in the consumer price index since January 1, 1967, to date with adjustments to the guaranteed income supplement, is of the opinion that the government should consider the advisability of introducing appropriate amendments to effect such changes to the present limited terms of the bill."

It seems to the Chair that this wording does not meet one of the tests which we must apply to reasoned amendments. I may be in error on this and I know hon. members will relate their remarks to it. The question is whether or not it opposes the progress of the bill, whether or not it opposes the principle of the bill; in short, whether or not the reasoned amendment is contrary to and opposes the principle of the bill.

Second, according to the hon. member's own words his amendment refers to "introducing appropriate amendments to effect such changes to the present limited terms of the bill." These proposed amendments are not spelled out in his motion and the question in my mind is whether this is something that might be done normally in committee. I would appreciate the advice of hon. members.

Hon. Marcel Lambert (Edmonton West): Mr. Speaker, the amendment put forward by my colleague is a reasoned amendment. We must bear in mind the particular difficulties which face a member of this House who is not of the administration in putting forward an amendment which proposes to affect the level of pensions payable under a government bill. As Your Honour can readily see, that is the purport of my colleague's amendment. He wishes the cost of living escalator to be effective from the date when increases in the cost of living were made applicable to old age pensions. To that extent one must go back to a particular incident in which I do not believe Your Honour was personally involved. I should not call it an incident. It was the occasion on September 13 last when the House was considering second reading of Bill C-259 and I put a reasoned amendment before the House.

At that time there was considerable discussion with regard to the use of reasoned amendments which, I may say, seem to be rather strange birds in this House. As a matter of fact, it was only during the latter months of 1971

that the House witnessed a number of attempts by hon. members, in particular the hon. member for Peace River (Mr. Baldwin) and the hon. member for Winnipeg North Centre (Mr. Knowles), to move reasoned amendments. Until my amendment to Bill C-259 on second reading, none had succeeded.

I say this not in the spirit of a game to be played between members of the House and the Chair, but the question of reasoned amendments is of recent origin so far as this House is concerned. To use the words I used, as recorded at page 7763 of *Hansard*, on that occasion when I started to address the Chair, Beauchesne is singularly dangerous to rely on in this day of vastly changed rules, and more reliance should be placed in this particular field on Erskine May's Seventeenth Edition. We know that in the British House a reasoned amendment is the normal type of amendment. If Your Honour wishes me to read a number of references and examples that have been used in recent years, we will see that the reasoned amendment is a very useful tool for an expression of the views of the House with regard to a bill.

• (1720)

Before this House there is a motion for second reading of this bill and its referral to committee. I put it to Your Honour that it is not sufficient that the only acceptable amendment is one that is completely opposed to the bill. I would say there is no such thing, as complete confrontation which is absolutely necessary with regard to a bill. There can be opposition in degree, criticism in degree or suggestion for modification. When it comes to the question of whether a motion at second reading stage is one of opposition or is a dilatory motion, one which asks that the bill be not now read a second time but be read six months hence is a dilatory motion which opposes every principle of the bill.

The principle of the bill, in this case, is that the Old Age Security Act be amended in a number of particulars. It provides for the application of a cost of living escalator clause. It asks that there be an increase in the guaranteed income supplement; that the cost of living escalator formula shall apply to the guaranteed income supplement; that there be a change in the residence requirement for those entitled to Canadian pensions who live outside the country.

Which one of these amendments is deemed to be a principle of the bill? Not one. That there be an increase in pensions? My colleague proposes, and he cannot do this directly, that the cost of living escalator formula should apply retroactively to the basic pension from the date of the introduction of the cost of living escalator provision. In the wording of the motion he respects the limitation on the ability of a private member of this House to bring in a motion which, if accepted, would force the government into the expenditure of public funds.

But that is not the case at all. We do, in a reasoned way, indicate support for the measures that have been brought in, but indicate that there is this other need and that it must be considered by the government. We say that the government must bring in the amendment, as only it can, and that is why our amendment is so worded. The government must take appropriate steps to introduce a proper amendment in order to effect the purpose of our motion.

There is in the motion opposition to a good part of the bill, in that it is a motion to extend certain provisions. Surely the idea of an extension of the application of a formula cannot be taken as agreement with the proposal in a government bill, no more than if the government's proposal with regard to the guaranteed income supplement increment was to increase it to $5, because how would hon. members of this House propose to raise it to, say, $15 or $30 as it is now but by this type of amendment? It is sufficiently opposed to a portion of the bill that it would qualify as a reasoned amendment. It does not offend the rule regarding excessive authority on the part of a private member. It is certainly relative.

I would refer Your Honour to the arguments that were entered into at much greater length on my amendment to the omnibus income tax bill, which His Honour accepted. I would say that he did not necessarily accept it wholeheartedly. Perhaps opposition would have been somewhat easier had we enjoyed the benefit of His Honour's wise thinking on the matter of reasoned amendments, if there had been a follow-through with a set of guidelines. At the moment I would say that this House is striking out in the dark with regard to reasoned amendments and that we would save a good deal of time and difficulty for ourselves and the Chair if we had a clear understanding of the Chair's views on reasoned amendments.

As I pointed out—I do not want to belabour the point—we are working under a new set of rules whereby this House can have a meaningful exchange of ideas. I would remind Your Honour that this amendment is put forward on second reading, not at the report stage. At report stage my colleague would have to engage in the subterfuge of moving an amendment to the appropriate clause that he wished to amend, bearing in mind that he would be faced in committee with a much greater obstacle in trying to move an amendment to a particular clause extending a cost of living escalator formula which involved expenditure of public funds. That procedure, I would suggest to Your Honour, would be far too limiting for an exchange of ideas and meaningful debate in this House. Our rules are designed for meaningful debate. I reiterate what I said in September: report stage is not the most convenient, the most helpful time for this exchange of ideas.

Then we come to third reading. I again point out to Your Honour that third reading is an exceedingly limited opportunity for the exchange of ideas on a bill where the House has already had the opportunity of expressing its formal views, by way of vote if necessary, on second reading or on the really operative clauses of the bill. All it means on third reading is that either there is a standard dilatory motion, which is not helpful for the exchange of ideas, or modification of an important portion of the bill. If there is a stereotyped motion, we have to go back to committee for consideration of a particular point. The committee itself cannot do anything with regard to increasing any expenditure in the bill, so I put it to Your Honour that that avenue is barred.

• (1730)

Our rules are not a bar to meaningful discussion and exchange of ideas; they cannot be. We cannot have dead-hand rules of that type. I have had enough experience in the Chair in dealing with points of procedure to know there must be some form of structure for reasoned amendments. Your Honour may not have seen this type of amendment before, but both the House and the Chair operate by way of experience. Until we get guidelines which will be helpful both to those presiding over the sessions of this chamber and to members of this House, I submit that very serious consideration should be given to this question.

Your Honour may wish to reserve opinion as to the extent of the amendment, and then I might be in a very happy position whatever may be the views of the Chair on this amendment. Perhaps we are setting a few precedents. However, if a few precedents are set, when we get to the happy time of having some of these guidelines it will be much easier to understand what they are.

Mr. Jerome: Mr. Speaker, my comments will be very brief. I submit that the proposed amendment is not procedurally acceptable, on two grounds. First, I submit that an amendment to a motion for second reading of a bill must be in opposition to the bill or the progress of the bill. This motion fails to do that directly or in clear language. It appears that the intent of the motion is to try to have the best of both worlds. The intent is to try to adopt that which is proposed in the bill but suggest that the government should consider going further. I submit that is clearly not within the limits of the precedents and rules that surround the moving of amendments to second reading motions.

In any event, the problem of the recommendation that is an essential part of this bill is that although the member is not endeavouring to move an increase directly in the expenditures that would be involved under this bill, in effect his amendment asks the government to do that for him or consider the advisability of doing it for him. Were that to be done or attempted, it would require steps which would exceed the recommendation of His Excellency with regard to this bill.

The hon. member is cleverly endeavouring to try to have the best of both worlds, being in support of the measure as far as it goes instead of being opposed, and at the same time causing further study to be made on it. Without directly moving that further expenditures be made, the hon. member is suggesting that a study of further expenditures be made. In both respects the motion is out of order.

Mr. Francis: Mr. Speaker, I contend that the amendment is out of order. There was a time in this House when we debated the recommendations which preceded a bill. Under the new rules we do not debate such recommendations. What the amendment clearly tries to do is go beyond the scope of the recommendation of Her Majesty. By the device of an amendment to a bill, the hon. member is doing something he cannot do because of the restrictions that exist in terms of the recommendation on which the bill is based. I see the hon. member for Winnipeg North Centre (Mr. Knowles) shaking his head.

[Mr. Lambert (Edmonton West).]

Mr. Knowles (Winnipeg North Centre): I am sorry, Mr. Speaker. I was merely saying the hon. member meant His Excellency rather than Her Majesty.

Mr. Francis: I appreciate the correction of my good friend. I hope he agrees with the substance of my argument.

Mr. Knowles (Winnipeg North Centre): Not necessarily.

Mr. Francis: An amendment to a bill cannot go beyond the scope of the recommendation on which the bill is based. I submit the amendment fails in that respect and attempts to impose an additional drain upon the treasury.

Mr. Deputy Speaker: The hon. member for Edmonton West (Mr. Lambert) has suggested that I might take this matter under advisement. I do not think any great harm will be done if I do that. It is now 20 minutes before six o'clock. As I indicated initially, my inclination is that the amendment is not in order. I am still of that opinion, but I will follow the suggestion of the hon. member for Edmonton West, give further thought to this question and make a ruling that might be helpful. If hon. members are agreeable, I will reserve my decision until the bill is next before the House.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, in rising to speak to Bill C-207, I find there are several things I should like to say first. The problem is that one has to make a choice. The first thing I shall do is direct a word of encouragement and hope to the senior citizens of Canada, particularly their very active organizations. I say to them that their message is getting through. Even this government is realizing that it cannot fail to improve the pensions of our senior citizens. That is why we have this measure before us today.

When I mention senior citizens and their active organizations, I am thinking of groups with which I am in contact all the way from Newfoundland and Cape Breton Island to Vancouver Island, organizations such as Pensioners Concerned, United Senior Citizens of Ontario and senior citizens organizations and federations in every province of Canada. I also think of a new body on the Pacific coast known as Pensioners for Action Now. Members of all parties who have recently been in Vancouver are aware of this organization. Some of them are perhaps painfully aware of how hard the members of that body are working for a basic pension of $150 a month and for other improvements for our senior citizens.

The legislation before us today falls far short of the hopes, expectations and demands of our senior citizens and it will not satisfy them. However, at least the fact that it has been brought in says to these people that their message is getting through. I trust they will be encouraged, by this fact, to keep up their campaigns. They know that some of us in this House of Commons will continue to support their hopes, expectations and demands until we win real justice for our older and retired people.

The second thing I wish to say as a first word is that to some of us in this House of Commons this is a very happy day. I do not say that because we are thoroughly satisfied with the legislation the Minister of National Health and

Welfare (Mr. Munro) has introduced but because it is one of those occasions when we are reminded that persistence does pay.

• (1740)

I did a little chasing through the records last night and this morning. I did not begin to turn up all the occasions upon which members of this party have pleaded for improvements in old age pensions and changes of one sort or another. But time after time the answer from this minister and his predecessors has been no. Time after time, when votes have been possible, we have lost those votes. In my own experience this goes back for three decades. I can remember the late J. L. Ilsley telling me I was asking for too much because I wanted the $20 pension raised to $25. So today we are reminded of the fact that persistence pays.

Mr. Lambert (Edmonton West): It is inflation that does it, really.

Mr. Knowles (Winnipeg North Centre): And just as I have given what I hope is a word of encouragement to pensioners and to their organizations to carry on their activities, I say to the government and to the people of Canada generally that we shall continue to press for what we believe these people are entitled to receive, namely, a scale of pensions which will make it possible for those who have retired not just to be kept alive but to share in the standard of living which they, in their working years, helped to make possible.

I suspect it is desirable for us to say early in our response to this bill how we intend to vote and why. We are voting for the bill. I am sure this will come as no surprise. After all, we gave consent at the beginning of the day's sitting for the bill to be read the first time and printed so that it could be discussed without delay.

Mr. Munro: I hope David has not changed his mind since then.

Mr. Knowles (Winnipeg North Centre): You look after your own stand. Even though it is a bill which is terribly inadequate in that the amounts of increases offered are terribly low, we feel that these amounts should be put into the hands of our senior citizens as soon as possible. We feel they should get them without delay even though for those on a pension of $80 the increase will amount to only $2.88 a month, which does not go very far these days, and even though for those on the guaranteed income supplement, at the maximum the increase amounts to only $15 a month in the case of a single person and $30 a month in the case of a married couple. These amounts should not be denied for one week if we can avoid it, and that is why we are prepared not only to vote for the bill before us but to do what we can to expedite its passage into law.

In saying this, however, I should like to make it clear that we believe the government is trying to fob off our old people with an amount which is a disgrace to a country which is producing goods and services to the tune of $95 billion. In effect, we are saying to those whose efforts have helped to build up our country and make all this possible, that all we can do now is to increase their pensions by $2.88 a month, or $15 a month if they have nothing else. That is not good enough for a country like Canada.

I come now to the fourth point I want to make, and perhaps it is time to take the gloves off. I have been here for a long time. I have seen a good many examples of sheer, crass cynicism on the part of several governments. But seldom have I seen anything as cynical as the performance on the part of the government in connection with this piece of legislation.

Mr. Munro: That is coming from an expert, judging from the debate on family allowances.

Mr. Knowles (Winnipeg North Centre): The minister makes some references to family allowances. In the bill on family allowances he is forsaking a principle which it took the Liberals 50 years to accept. In this bill the minister is at least going back in some measure, to that principle, the principle of universality, and this is why, despite the smallness of the amounts involved, we find it is a bill we cannot oppose.

But to me this is an example of crass political cynicism, the sort of thing which makes the people of Canada wonder what politics and parliament and government are all about. The reason for asking the House to deal with this bill today and to put it through as quickly as possible was stated by the President of the Privy Council (Mr. MacEachen) this afternoon: it was in order that the increases provided for in the bill could, if possible, be included in the cheques which go out at the end of June. What are the increases for which the bill provides? In the case of those drawing only $80 a month—and according to the last return they numbered 778,480, or 45 per cent of those over the age of 65—the increase which the government wishes to get into their cheques at the end of June amounts to $2.88 a month, that is, 3.6 per cent of the basic $80.

Mr. Speaker, this is the era of cabinet leaks. I intend to spill another one. No. I am making this up, of course, though I am sure I might have got away with it had I pretended to state what went on in cabinet as though I had been there. They discussed this matter. The question was asked, "What about this increase of $2.88 a month? If we can get it to the old age pensioners by the end of June, and if we can persuade the opposition to let it go through, and if we call an election for July, say July 17, will that $2.88 be enough to persuade the 778,480 people who are on $80 a month to vote Liberal?" "No," said one of the cabinet ministers, "that is not enough. After all, Walter Harris tried six bucks and that didn't work, and a couple of years ago the present minister tried 42 cents, and that's why there has been so much opposition to this government from old age pensioners." So one of the smarter ministers—

An hon. Member: Which one?

Mr. Knowles (Winnipeg North Centre): Oh, I am not telling you that. His name is not part of my leak. One of the smarter ministers said, "You know, there is a way in which we could take care of this. Instead of making the increase effective just for the June cheque, we could make it retroactive to January 1. We have already provided that the old age security payments are paid on a fiscal

year basis. January, February and March have already gone by, and the payments were at the rate of $80; but if we put this on a retroactive basis and provide for six months at an extra $2.88 and get it into the cheques at the end of June, that would amount to an extra $17.28." Well, $2.88 wouldn't do the trick, and $6 in the days of Walter Harris didn't do the trick. Then somebody in the cabinet said, "But I believe we can do it with $17.28".

• (1750)

That is the bait that is being held out to our old age pensioners, a cheque at the end of June with an extra $17.28 in it, in the hope that in the election that will probably be called on July 17 the feeling of kindness toward the government will carry over. If the election is not called then but is put off until August, September or October, then instead of getting cheques of $97.28 such as they will get at the end of June, these people will be getting a cheque for only $82.88. Then they will ask what has happened. They will say, "The government gave us this big increase; now they have cut us back and once again we are starving".

Mr. Munro: You are forgetting the guaranteed income supplement.

Mr. Knowles (Winnipeg North Centre): I will come to that in a moment, if the minister does not mind.

Mr. Munro: I know you like to forget that.

Mr. Knowles (Winnipeg North Centre): No, not at all. If the minister thinks I am forgetting that, I will come to it right away. I will give him a little more of my cabinet leak. The cabinet came to realize that they could raise the guaranteed income supplement by $15, so that those who have nothing will get $150 instead of $135. They gave this task to the boys upstairs to work out, and they did it very ingeniously. According to the bill, the government is providing an increase in the supplement which brings it up to $67.12. Added to the $82.88, this amounts to a total of $150. That is just a case of the technocrats doing their job.

But someone in the cabinet said, "Fifteen dollars extra at the end of June? They will not notice that; that will not win the election. However, if we give these people six months retroactivity, six times $15 is $90, and if single people receive $90 and married people $180 in addition to their June cheque we should win the July 17 election without any trouble". The only difference between this session of the cabinet and the session in 1957 that decided on the $6 increase which Paul Martin brought in—though Walter Harris, being the minister of finance, made the basic decision—is that in 1957 the Liberals wanted to lose the election and went out of their way to find a way of doing so. We now have Liberals who want to win again, and they are out to buy votes from these retired people who are drawing the supplement. Those on the supplement are 55 per cent of the total. I think the minister said two-thirds the other day, but surely by now he knows better than that.

Mr. Munro: The new increase in GIS will bring more of them into the system.

[Mr. Knowles (Winnipeg North Centre).]

Mr. Knowles (Winnipeg North Centre): The new levels will bring more people in. The total of 55 per cent will become 60 per cent or somewhere around that. Is that what the minister is saying?

Mr. Munro: At least.

Mr. Knowles (Winnipeg North Centre): In other words, the number of people who will get this $17.28 as an election bribe at the end of June will decrease a little, and the number who will get the $90 or $180 will increase a little.

Mr. Munro: The number of people in need in the future will get more. I should think that would impress you.

Mr. Knowles (Winnipeg North Centre): The minister is pointing out that the number of people who have greater need is increasing. As long as this government is in power, more people will be finding themselves in greater need. But the point I am making is that you have here a cabinet decision that is cold, crass and cynical. For years the government said no, it was not prepared to do anything for the pensioners. Now the government has decided to do something.

Do they do this in the normal way by making a pension increase effective when it becomes law as they did in 1970? That increase of 42 cents was not made retroactive; it did not apply until the following month. Or does the government provide for a nice spell of retroactivity so that the pensioners of Canada will feel kindly toward the government in the month of July? If anybody thinks I am going out on a limb in talking about a July 17 election, give or take a week or two. I cannot see this government putting out this bait and letting the political advantage of it melt away by October. If it does call an election on July 17, I hope that the editorial writers and people of Canada will roundly condemn the government for this kind of political cynicism, not only because it plays fast and loose with the needs of our old age pensioners but because it is playing fast and loose with the whole political process.

Someone said something earlier about war veterans not getting the increase now, but I am not going to be able to come to that in my speech today. I shall cover that point when we get back to the bill on Friday. I understand that we shall be debating the budget tomorrow and on Friday return to this measure. If we finish it we shall talk about the changes to war veterans pensions and allowances, and then on Monday go back to the budget. Tuesday we shall see where we are. Then we have Wednesday and Thursday and dissolution comes in there somewhere, there or on Friday, once the pension increases are through and it is clear that the pensioners will get this extra money.

I said I felt that this was crass political cynicism. Like the last speaker, the hon. member for Humber-St. George's-St. Barbe (Mr. Marshall), and bearing in mind part of my past, I welcome this conversion even if it has been made on the road to an election. But when one realizes what the government and this minister have said about pension increases, and when one realizes what they said about taking the escalation off the basic old age pension, I think the minister should be in sackcloth and ashes instead of grinning, as he did, from ear to ear when bringing in the legislation today.

It was only 17 months ago, in December of 1970, that we debated a bill to which the minister referred in glowing terms today and which, among other things, removed the 2 per cent escalation from the basic pension, which at that point had gone up to $79.58 and which by that bill was made $80. We fought that at every stage, on second reading, in the committee, back in the House and so on. Then on Wednesday, December 17, 1970, there were two recorded votes in this House which were on one point only, namely, that the escalation should continue to apply to the basic $80. This minister led the fight against that proposition, and when the votes were taken on the night of Wednesday, December 17, the Minister of National Health and Welfare and the present Minister of Finance (Mr. Turner), who announced this change the other night, were both in the House and cast negative votes.

An hon. Member: So did the Prime Minister.

Mr. Knowles (Winnipeg North Centre): No, the Prime Minister did not vote no; the Prime Minister was absent. However, the point I am making is that they took the very firm position that this was the wrong thing to do, to keep the escalation on the basic $80 pension.

I see it is six o'clock, Mr. Speaker, so on Friday I shall go a little more into the things the government and this minister have said during the last 16 or 17 months, even in recent times when they simply said, "No change". The government is now on the road to Damascus, on the road to the election. The government has seen the light and has suddenly about-turned and said it will do something for the old age pensioners. I do not like this kind of political cynicism.

Mr. Deputy Speaker: Order. It being six o'clock p.m. this House stands adjourned until tomorrow at two o'clock p.m.

At 6 p.m. the House adjourned, without question put, pursuant to Standing Order.

HOUSE OF COMMONS

Thursday, May 11, 1972

The House met at 2 p.m.

HOUSE OF COMMONS

PRESENCE IN SPEAKER'S GALLERY OF DELEGATION FROM YUGOSLAVIA

Mr. Speaker: Order, please. Before we begin today's proceedings I should like to draw the attention of hon. members to the presence in the Speaker's gallery of a very distinguished delegation from Yugoslavia, led by His Excellency Mr. Mika Spiljak, President of the Chamber of Nationalities of the Yugoslav Federal Assembly.

Some hon. Members: Hear, hear!

• (1410)

Mr. Speaker: This Yugoslav parliamentary delegation is visiting Canada at this time as guests of the House of Commons. I know all members would want me to extend to them on behalf of the House a most cordial welcome to the parliament of Canada. It is our hope and trust that they will find their visit in our country enjoyable, rewarding and fruitful. We welcome them to our country.

Some hon. Members: Hear, hear!

PRESENCE IN GALLERY OF TEAMS PARTICIPATING IN MEMORIAL CUP HOCKEY FINALS

Mr. Steven E. Paproski (Edmonton Centre): Mr. Speaker, I should like to direct the attention of the House to the presence in the gallery of three great hockey teams participating in the Memorial Cup 1972 playoffs in Ottawa, the Cornwall Royals, the Peterborough Petes and the western Canada ambassadors, the Edmonton Oil Kings.

Some hon. Members: Hear, hear!

Mr. Speaker: The hon. member has a very valid question of privilege, particularly in so far as the Cornwall Royals are concerned.

Some hon. Members: Hear, hear!

[*Translation*]

ROUTINE PROCEEDINGS

JUSTICE AND LEGAL AFFAIRS

Third report of Standing Committee on Justice and Legal Affairs—Mr. Gervais.

[*Editor's Note: For text of above reports, see today's Votes and Proceedings.*]

25316—14

SOCIAL SECURITY

NEGOTIATIONS WITH QUEBEC—REQUEST FOR UNANIMOUS CONSENT TO MOVE MOTION UNDER S.O. 43

Mr. Roch La Salle (Joliette): Mr. Speaker, pursuant to Standing Order 43 I ask the unanimous consent of the House to propose the following motion: In view of the slowness of negotiations between the Quebec and Ottawa governments concerning social policies, and in view of the fact that an agreement between the two governments is urgently necessary in the present situation in Quebec, I move, seconded by the hon. member for Charlevoix (Mr. Asselin):

That this House forthright refer the whole matter to the Committee on Health, Welfare and Social Affairs and that special meetings be held in order to reach a solution agreeable to both governments.

Mr. Speaker: The House has heard the motion moved by the hon. member for Joliette. This motion, moved under the provisions of Standing Order 43, requires unanimous consent of the House.

Is there unanimous consent?

Some hon. Members: No.

Some hon. Members: Yes.

Mr. Speaker: The hon. member will have noted that there is no unanimity. Therefore the motion cannot be put.

* * *

[*English*]

PENSION ACT, WAR VETERANS ALLOWANCE ACT AND OTHER ACTS

AMENDMENT TO PROVIDE FOR ANNUAL ADJUSTMENT OF PENSIONS AND ALLOWANCES

Hon. Arthur Laing (Minister of Veterans Affairs) moved for leave to introduce Bill C-208, to amend the Pension Act, the War Veterans Allowance Act, the Civilian War Pensions and Allowances Act, the Children of War Dead (Education Assistance) Act and the Department of Veterans Affairs Act, to provide for the annual adjustment of pensions and allowances payable thereunder.

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

Inquiries of the Ministry

PUBLIC ACCOUNTS

REFERENCE OF PUBLIC ACCOUNTS FOR YEARS ENDED MARCH 31, 1969 AND 1970, TO STANDING COMMITTEE

On the order: Government Notices of Motions.

May 9, 1972—The President of the Privy Council:

That the Public Accounts for the year ended March 31, 1969 and the year ended March 31, 1970, and the reports of the Auditor General thereon, together with the evidence adduced by the committee during the second and third Sessions of the 28th Parliament, be referred to the Standing Committee on Public Accounts.

Mr. Speaker: Pursuant to section 2 of Standing Order 21 this government notice of motion stands transferred to and ordered for consideration under government orders at the next sitting of the House.

Mr. MacEachen: Mr. Speaker, perhaps I might rise on a point of order to suggest that as a result of discussions it might be possible to move that this reference to the Standing Committee on Public Accounts be accepted at this time, if this could be done with consent.

Mr. Baldwin: We are quite agreeable. We think that the sooner we get these looked into the sooner we can look at the next ones which will be interesting.

Mr. Knowles (Winnipeg North Centre): The minister's point of order is the one on which I was rising, Mr. Speaker. Yes, we agree.

Hon. Allan J. MacEachen (President of the Privy Council) moved:

That the public accounts for the year ended March 31, 1969 and the year ended March 31, 1970, and the reports of the Auditor General thereon, together with the evidence adduced by the committee during the second and third Sessions of the 28th Parliament, be referred to the Standing Committee on Public Accounts.

Mr. Speaker: Is it the pleasure of the House to adopt the said motion?

Some hon. Members: Agreed.

Motion agreed to.

ORAL QUESTION PERIOD

THE CANADIAN ECONOMY

PROJECTED CONSUMER DEMAND LEVEL—ADEQUACY TO SUPPORT ECONOMIC EXPANSION IN LIGHT OF INCREASE IN PERSONAL INCOME TAX ON JANUARY 1, 1973

Hon. Robert L. Stanfield (Leader of the Opposition): Mr. Speaker, in the absence of the Prime Minister—I do not know whether he is visiting Rideau Hall or where he is—I should like to direct a question to the Minister of Finance.

An hon. Member: You are nervous.

Some hon. Members: Hear, hear!

[Mr. Laing.]

Mr. Stanfield: I should like to ask the Minister of Finance upon what projections of consumer demand levels he based his decision to allow an increase of 3 per cent in personal income taxes to come into effect on January 1 next?

Hon. John N. Turner (Minister of Finance): Mr. Speaker, I do not agree with the hon. gentleman's premise. There was nothing in the budget affecting personal income tax. This parliament three or four weeks ago extended for the year 1972 the temporary 3 per cent reduction on personal income tax and the 7 per cent reduction on corporation tax which were introduced in October last by my predecessor. In the terms of that law, a law of this parliament, both the 3 per cent temporary reduction in personal tax and the 7 per cent reduction in corporate tax will expire at the end of 1972 except, of course, for manufacturers and processors with which the budget dealt. I would say to my hon. friend that in terms of personal tax I discussed this matter thoroughly when various options were put to me by the press as to what alternatives were available to me, and I explained to them what I intended to do on the basis of the resources available to me. Personal taxes will continue to decrease under the tax reform legislation of my predecessor under the four-year schedule which he set out, and of course the exemptions will be higher.

Mr. Stanfield: I thought we were getting into a debate for a minute, Mr. Speaker. I should like to ask a supplementary question of the Minister of Finance. Granted that those of us who are members of this chamber and are very knowledgeable about taxation matters realize that the rate of taxation on personal income will increase again the first of January, I wonder why, in view of the very fulsome way, to use the minister's own words, in which he approached the general outline of the government's position, he did not feel it necessary to mention during the course of his budget speech that personal income taxes would go up again on the first of January next?

• (1420)

Mr. Speaker: Order, please. The Chair will allow the minister to reply, but I take the liberty to remind hon. members, before we spend too much of the question period on the budget, that we do have a budget debate later today. This having been said, the question has been asked and the Minister of Finance should be allowed to reply.

Mr. Turner (Ottawa-Carleton): The answer to that quite clearly is that the budget did not touch on the personal income tax. I went on the assumption that parliament was aware of the present provisions of the law.

Mr. Baldwin: How about the people?

Mr. Stanfield: As I indicated, all of us here are well aware of the situation but we thought it might have been wise for the minister to disclose it to the public.

As a final supplementary question on this point, and out of respect for the view that you have expressed, Mr. Speaker, I wish to ask the minister again upon what his

confidence is based that, despite the increase in the personal income tax which will take place on January 1 next, the level of consumer demand will be sufficient to support an expansion of the economy and therefore fight unemployment in the manner to which the minister has dedicated himself.

Mr. Turner (Ottawa-Carleton): It was my judgment that consumer demand as represented by the expansion of the economy would be sufficient and that the temporary reduction authorized by parliament should be allowed to expire. That was fully disclosed to the press at a national press conference when they put those options to me.

* * *

REGIONAL ECONOMIC EXPANSION

REQUEST FOR INTERIM REPORT ON CERTAIN GRANTS

Mr. John Burton (Regina East): Mr. Speaker, I wish to direct a question to the Minister of Regional Economic Expansion, and I have given him notice of my intention to ask him a question on this matter. In view of the revelations in the Standing Committee on Regional Development concerning some millions of dollars in offers of grants by his department that had not been reported to parliament as required by law, would the minister undertake to submit an interim report to parliament at the beginning of next week providing the information that is available now? I ask this question because the deputy minister indicated that it would take several weeks to provide a complete report.

Hon. Jean Marchand (Minister of Regional Economic Expansion): Mr. Speaker, I think the hon. member knows that, as reported yesterday to the Standing Committee on Regional Development, I have instructed my department to produce a supplementary report on cases involving revised incentive offers as soon as possible. Assurances to this effect were given to the standing committee yesterday both by myself and my deputy minister. Those assurances will be kept.

Mr. Burton: In view of the admission that about 90 grants to corporations were revised after the original offer, could the minister inform the House why it should take several weeks to provide a report to parliament on this matter?

Mr. Speaker: I doubt that the supplementary question is in order.

Mr. Burton: May I ask the minister whether he could not undertake to speed up the completion of this report and to provide an interim report, as I asked in my original question, which would provide information that is available now and allow time for checking out all the departmental records? Furthermore, could the minister also assure the House that this information will be made public before the next federal election?

Mr. Marchand (Langelier): I do not know when the next election will be held, Mr. Speaker.

Mr. Edward Broadbent (Oshawa-Whitby): The minister said, perhaps properly, that it would take considerable time to go through the 1,400 cases which have already been given grants, but could he not early next week at least present us with a list of the 90 corporations, which, as he has already said in the committee, have had their grants revised?

[*Translation*]

Mr. Marchand (Langelier): Mr. Speaker, I do not want to draft an interim report as I would like to make sure that the figures quoted are correct. Otherwise, the committee members would be justified in charging us with giving false information. All records will have to be checked and a report could be brought in within reasonable time, I think.

* * *

UNEMPLOYMENT INSURANCE

LAY-OFFS IN NORTHWESTERN QUEBEC—REFUSAL TO PAY BENEFITS—REVIEW OF REGULATION RESPECTING SEVERANCE PAY

Mr. Réal Caouette (Témiscamingue): Mr. Speaker, I wish to direct a question to the Minister of Manpower and Immigration.

In view of the fact that following the closing of Quemont and Noranda mines and of the CIP mill in the town of Temiscaming, these companies have to give severance pay to laid off employees, and in view of the fact that the Unemployment Insurance Commission refuses to pay benefits to these newly unemployed people on the ground that they would have to exhaust this money before benefits can be paid to them, is the minister in a position to indicate whether his department is reviewing this situation which I think is utterly illogical so that these unpaid unemployed people can get fair treatment?

[*English*]

Hon. Bryce Mackasey (Minister of Manpower and Immigration): Mr. Speaker, the whole area of what constitutes income is being reviewed at the present moment in light of the regulations, and that includes severance pay and vacation pay. As a general rule severance pay is spread over a period of not more than 33 weeks to make certain that people with labour attachment of 52 weeks still qualify for major benefits.

[*Translation*]

Mr. Caouette: I would like to ask a supplementary question, Mr. Speaker.

I could see the smile on the face of the Minister of Regional Economic Expansion when I spoke of the unpaid unemployed.

However, I would ask the minister to tell us if the local unions have made representations or filed briefs with the department so that these people will be treated fairly. Because, even though they are receiving severance pay they are still unemployed.

[*English*]

Mr. Mackasey: Yes, Mr. Speaker, I have asked for representations from the representatives of the workers and also, of course, from the employers. The basic concept behind unemployment insurance is interruption of earnings rather than unemployment, but there have been representations from the representatives of the workers concerning the definition of earnings.

* * *

[*Translation*]

SOCIAL SECURITY

POSSIBLE RESIGNATION OF QUEBEC SOCIAL AFFAIRS MINISTER—NEGOTIATIONS ON MORE ACCEPTABLE SOCIAL SECURITY SYSTEM

Hon. Martial Asselin (Charlevoix): Mr. Speaker, I would have liked to ask my question of the right hon. Prime Minister but, as he is absent, I shall ask it of the Minister of National Health and Welfare.

Since Mr. Castonguay suggested that the lack of comprehension and consultation between the federal government and Quebec is the reason for his threat of resignation, in view also of the present volcanic climate in the province of Quebec, we must endeavour to improve the situation and to prevent the loss of one of the outstanding Quebec ministers.

Would the minister say to this House whether he intends to meet his Quebec colleague as soon as possible to discuss with him the question of a social security system which would be more acceptable to the Quebec government?

[*English*]

Hon. John C. Munro (Minister of National Health and Welfare): Mr. Speaker, I would advise the hon. member that in terms of the family allowances we have been meeting constantly with Quebec, and I think to the beneficial end of both levels of government.

Mr. Stanfield: Which is the beneficial end of this government?

Mr. Munro: I would expect that we would come to an agreeable accommodation within a matter of days, so the negotiations along that line have been proceeding very well.

With reference to the government's intention to increase old age pensions, this, of course, was announced in the budget speech. For reasons that are obvious when that procedure is adopted, there could not be the consultation that otherwise might have taken place. As is obvious from recent speeches by members of all the opposition parties in the House, we were faced with what they agree is a fact, that a significant number of those 1,800,000 Canadians desperately need assistance, and that is what the Minister of Finance has done.

Mr. Speaker: Order, please.

[Mr. Caouette.]

FAMILY ALLOWANCES—EXERCISE OF LEGISLATIVE POWER BY QUEBEC

Hon. Martial Asselin (Charlevoix): Mr. Speaker, I have a supplementary question.

In view of the answer which was recently given to me in the House by the hon. minister, specifically that there was no question of the federal government granting Quebec legislative primacy in the area of family allowances, does the minister intend to change his mind, following the events taking place in that province, and assure Social Affairs Minister Castonguay that the federal government will indeed grant Quebec legislative primacy in this area?

• (1430)

[*English*]

Hon. John C. Munro (Minister of National Health and Welfare): Mr. Speaker, the discussions with Quebec as well as with the other provinces were set out in a letter from the Prime Minister to the premiers. He indicated the guidelines within which we felt it would be reasonable to expect the provinces to have an option to design family allowances within federal minimum standards. As far as I am aware the negotiations with Quebec have been proceeding very well and there has been no dissatisfaction expressed by that province with respect to the suggested accommodation in this particular regard.

Some hon. Members: Oh, oh!

Mr. Speaker: Order, please. I hope we will find a way to shorten both the questions and answers because we are running short of time.

[*Translation*]

Some hon. members have supplementary questions, including the hon. member for Témiscamingue (Mr. Caouette).

* * *

PENSIONS

OLD AGE SECURITY—EFFECT OF INCREASE IN GUARANTEED INCOME SUPPLEMENT ON WELFARE BENEFITS

Mr. Réal Caouette (Témiscamingue): Mr. Speaker, I wish to ask a supplementary question.

If we grant a senior citizen, whose spouse has not yet reached the age of 65, the security income supplement, do we in such a case file an application with the social welfare office of Quebec or with other provinces? Would the minister tell us whether he found out from provincial authorities if the increase granted people aged 65 will decrease the welfare allowance his spouse is receiving at the present time?

[*English*]

Hon. John C. Munro (Minister of Natural Health and Welfare): Mr. Speaker, the fact that the—

Mr. Speaker: Order, please. I will allow the minister to reply but it seems to me that to some extent we are getting involved in discussing the details of a bill which is already before a committee.

[*Translation*]

I don't want to suggest that the minister should not answer the question put by the hon. member for Témiscamingue, but we should try to go on to something else and perhaps come back to it later on.

[*English*]

The Minister of National Health and Welfare has the floor for the moment.

Mr. Munro: Mr. Speaker, the fact is that the increase in pensions will benefit the elder spouse in the example the hon. member quoted; the spouse under 65 will not benefit from the increase, of course. It may be that the province will use this increase to deduct what they would otherwise pay the spouse under 65, but I hope that will not be the case.

* * *

FINANCE

LEVEL OF CANADIAN DOLLAR—GOVERNMENT POSITION RESPECTING POSSIBILITY OF DOWNWARD MOVEMENT TO EQUALITY WITH U.S. DOLLAR AND MAINTENANCE OF CLEAN FLOAT

Hon. Marcel Lambert (Edmonton West): Mr. Speaker, I have a question for the Minister of Finance. In view of the fact the Canadian dollar reached a value on the spot market yesterday of $1.0103, would the minister advise the House whether he shares the optimism of his predecessor that the Canadian dollar, following the negotiations of last fall, would move downwards to become equivalent to the United States dollar? Would he also advise the House whether it is the intention of the government to have the Bank of Canada maintain a clean float with regard to the relative values of the Canadian and U.S. dollars, notwithstanding the fact that his figures disclose that there was an intervention of about $500 million in the foreign exchange market in order to participate in a so-called clean float?

Hon. John N. Turner (Minister of Finance): Mr. Speaker, to deal with the $500 million first, that money was purchased from the exchange fund during the latter half of 1971 previous to the Smithsonian agreement of December 15 last year when the world money market was in a state of disorder and we felt we had to protect the dollar at that time. Since then, the dollar has been allowed to float cleanly.

Mr. Lambert (Edmonton West): In view of the difficulties that are imposed upon Canadian exporters by the ever-increasing value of the Canadian dollar, will the minister advise whether he shares the confidence of his predecessor that the policy of the Canadian government would not affect Canadian exports adversely?

Mr. Turner (Ottawa-Carleton): Mr. Speaker, the budget measures, particularly the corporate tax reductions for manufacturers and processors, had as one of their purposes to protect them against any movement in the Canadian dollar.

LEVEL OF CANADIAN DOLLAR—NATURE OF FLOAT

Hon. Robert L. Stanfield (Leader of the Opposition): Mr. Speaker, I should like to put a question to the Minister of Finance or the Acting Prime Minister. It arises from the admission just made by the Minister of Finance that the float was not clean prior to the Smithsonian agreement. To what extent can we rely upon the assurance given by the government, which has insisted consistently that the float was a clean float all along, when we now learn that it was only clean since a certain date?

Some hon. Members: Hear, hear!

Mr. Speaker: Order, please. We are obviously getting involved in the debate which I gather we are to have later this afternoon, but the minister might reply briefly and then we will try to get on to another subject.

Hon. John N. Turner (Minister of Finance): Mr. Speaker, nothing that the hon. gentleman has suggested in his statement deprives me of the validity of an answer that during the relative chaos of the international monetary market between August 15 and December 15, every country in the world took steps to protect its currency. That was the only time we had to intervene in any appreciable way to protect the dollar—

Mr. Speaker: Order, please. I will recognize the hon. member for Nanaimo-Cowichan-The Islands shortly, but we have had so many supplementaries from the beginning of the question period that we are not moving along very quickly. For the moment, the Chair will recognize the right hon. member for Prince Albert.

* * *

FLAGS

RED ENSIGN—REASON FOR DELAY IN ANSWERING QUESTION

Right Hon. J. G. Diefenbaker (Prince Albert): Mr. Speaker, since March 28 I have been waiting for an answer to starred question No. 446 concerning the red ensign.

Some hon. Members: Oh, oh!

Mr. Diefenbaker: I see the Parliamentary Secretary to the Prime Minister ridicules the red ensign by his interruption. I ask why there has been such difficulty getting an answer to that question?

Hon. Jean-Eudes Dubé (Minister of Public Works): Mr. Speaker, the right hon. gentleman wanted to know how many flags were left in the country under the control of my department at a certain time. I presume that my officials are busy counting flags and I expect we will have an answer by next week. We want the reply to the question to be correct and exact.

Mr. Diefenbaker: Mr. Speaker, is the reason for the delay the fact that many red ensigns were put to the torch, or burned at the stake?

Some hon. Members: Oh, oh!

Inquiries of the Ministry

Mr. Speaker: Order, please. The hon. member for Nanaimo-Cowichan-The Islands.

Mr. Dubé: Mr. Speaker, perhaps I can reply briefly that next week the right hon. member will find out—

Mr. Speaker: Order! May we have order? The Chair has recognized the hon. member for Nanaimo-Cowichan-The Islands.

* * *

FINANCE

STEPS TO REDUCE INTEREST RATES IN LIGHT OF LEVEL OF CANADIAN DOLLAR

Mr. T. C. Douglas (Nanaimo-Cowichan-The Islands): Mr. Speaker, may I direct a question to the Minister of Finance. In view of the fact that the value of the Canadian dollar in relation to the American dollar is at the highest figure since the Canadian dollar was unpegged, and in view of the fact that analysis shows that this is largely due to the fact that interest rates in Canada are higher than in the United States, is the minister, with the governor of the Bank of Canada, taking any steps to reduce interest rates in Canada to bring them in line with those in the United States so that we will not have this disequilibrium which is having such a harmful effect on manufacturing, particularly on lumbering in British Columbia?

Hon. John N. Turner (Minister of Finance): Mr. Speaker, there are a number of other factors operating on the value of the Canadian dollar as well. If any steps are to be taken they will be announced here in due course.

Mr. Douglas: In view of the fact that analysis shows that Canadians, particularly the provinces, are borrowing in the United States because of lower interest rates there and short-term capital is coming into Canada because of high interest rates here, and while the process of watching interest rates, as the minister said a few days ago he was doing, may be interesting, may I ask him when he proposes to act on interest rates?

Mr. Speaker: The hon. member for Red Deer.

* * *

EXTERNAL AFFAIRS

RESPONSE OF GOVERNMENT TO ISSUANCE OF PERMIT BY UNITED STATES FOR CONSTRUCTION OF TRANS-ALASKA PIPELINE

Mr. R. N. Thompson (Red Deer): Mr. Speaker, in view of the fact that neither the Prime Minister nor the Minister of Energy, Mines and Resources is here, may I direct my question to the Acting Prime Minister. As the United States Secretary of the Interior, Rogers Morton, has today issued a permit authorizing construction of the trans-Alaska pipeline, would the Acting Prime Minister please inform the House what response the government of Canada has made to this tragic decision which threatens the entire environment of the Pacific west coast?

[Mr. Diefenbaker.]

Hon. Arthur Laing (Acting Prime Minister): Mr. Speaker, the granting of the permit by Mr. Morton was not unanticipated here nor in the United States as the matter has been before him for some time. In the meantime we have had discussions through the Minister of Energy, Mines and Resources—

Mr. Stanfield: That great diplomat.

Mr. Laing: —with Mr. Morton and with the government of the United States and they have been very satisfactory.

An hon. Member: A clean float.

Mr. Laing: The minister put before Mr. Morton the possibility of reconsideration of a pipeline through the Mackenzie Valley. He indicated to him that in a very few months we would be in a position to delineate clearly the requirements for ecology. That has been taken into account by the government of the United States. It may be some time yet before construction can commence on the pipeline and it is our thought that there will be further discussions with the United States government.

• (1440)

Mr. Thompson: A supplementary question, Mr. Speaker. The minister has said that the Minister of Energy, Mines and Resources placed the proposition before the Secretary of the Interior of the United States. However, we do not know what the policy of the government is or what is to happen. I have tried to learn from answers to questions whether anything is being done to speed up the pipeline feasibility, in view of what the Prime Minister said in Edmonton about the Mackenzie highway being paid for with the rent from such right of way.

Mr. Speaker: Order, please.

* * *

INDUSTRY

MICHELIN TIRE COMPANY—POSSIBLE IMPOSITION OF ADDITIONAL DUTY BY UNITED STATES ON CERTAIN TIRES—GOVERNMENT ACTION

Mr. Lloyd R. Crouse (South Shore): Mr. Speaker, I wish to direct my question to the Minister of Industry, Trade and Commerce. It is my understanding that the American government is considering imposing extra custom duties against Michelin X radial steel belted tires being manufactured in Nova Scotia. Has the minister any knowledge of this action and what difference will this make, in Canada's view, in the Domestic International Sales Corporation program? In other words, what action does the government contemplate taking?

Hon. Jean-Luc Pepin (Minister of Industry, Trade and Commerce): Mr. Speaker, I understand that a notice of countervailing duty is expected to be issued by the United States government. Thirty days would be given under this notice for parties to make representations. The United States government has already received our views on the Michelin case, and I am quite sure that these views will be repeated during that period of time.

MICHELIN TIRE COMPANY—POSSIBLE EXEMPTION FROM CUSTOMS DUTIES ON CERTAIN IMPORTS

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, may I direct a supplementary question to the Minister of Finance on the Michelin question. For about a week I have tried to learn from the minister when the commitment made by the government to the Michelin Tire Company to give them tariff-free access to the Canadian market would come into effect. He has not answered the question clearly and he said he would look into it. Can he now inform the House when duty-free entry to the Canadian market will be granted to the Michelin company?

Hon. John N. Turner (Minister of Finance): Mr. Speaker, if the hon. member is talking about remission, I told him that no remission or relief has actually been granted to the Michelin company, nor, to the best of my knowledge, has any decision been taken as to when or in what form such supplementary relief would be given.

Mr. Broadbent: A further supplementary question, Mr. Speaker. Since I have a letter from the former Minister of Finance dated last June which states categorically that such concession was being granted to Michelin for such entry into the Canadian market, can the minister inform the House now as to what happened to that decision? Was it revoked? Was I misinformed at the time? What has taken place?

Mr. Turner (Ottawa-Carleton): Mr. Speaker, I will check the correspondence against my answer, and if the hon. member deserves further clarification I will give it to him.

MICHELIN TIRE COMPANY—DEPENDENCE OF EXPANSION ON REMISSION OF CUSTOMS DUTIES ON CERTAIN IMPORTS

Hon. Robert L. Stanfield (Leader of the Opposition): Mr. Speaker, may I direct a supplementary question to the Minister of Regional Economic Expansion. Is the decision of the Michelin company to proceed with expansion dependent upon such a remission being actually granted?

[*Translation*]

Hon. Jean Marchand (Minister of Regional Economic Expansion): No, Mr. Speaker.

[*English*]

Mr. Speaker: The Chair will recognize the hon. member for Oshawa-Whitby for one last supplementary on this subject. I think all hon. members will want to consider the fact that we are fast reaching the end of the question period and we have not made much progress because of the length of questions, the length of answers and the number of supplementaries.

MICHELIN TIRE COMPANY—CONSULTATION WITH OTHER FIRMS IN INDUSTRY BEFORE MAKING GRANT

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, may I direct a supplementary question to the Minister of Regional Economic Expansion. Since millions of dollars of the taxpayers' money have been allocated to the Michelin company in order to begin expanding the car tire market in Canada, and since the factories of existing firms in this country are already operating below capacity, did the minister's department consult with the other firms in that industry and did they agree to the notion that another firm should be tax supported and brought into the economy to produce tires?

[*Translation*]

Hon. Jean Marchand (Minister of Regional Economic Expansion): Mr. Speaker, the entire matter was discussed yesterday in committee with the deputy minister and the official responsible for the grants.

* * *

REGIONAL ECONOMIC EXPANSION

ST. JUST DE BRETENIÈRES SAWMILL FIRE—LOSS OF 250 JOBS—DISCUSSION RESPECTING ASSISTANCE IN RECONSTRUCTION

Mr. Adrien Lambert (Bellechasse): Mr. Speaker, I should like to put a question to the Minister of Regional Economic Expansion.

Considering that last week an important sawmill was completely destroyed by a fire which caused damages of more than $2 million and since 250 workers thus lost their jobs, could the minister tell the House whether discussions have been or are being held with the heads of this company with a view to rebuilding the mill?

Hon. Jean Marchand (Minister of Regional Economic Expansion): I could not say, Mr. Speaker. If company officials want assistance, they know they must contact the department. If this took place in the Quebec City area, we have offices there. I am not personally aware of this situation, but I will endeavour to find out whether there have been any meetings.

Mr. Lambert (Bellechasse): I should like to put a supplementary, Mr. Speaker.

In order to hasten things, let me say that this sawmill is in St. Just de Bretenières, in the riding of Bellechasse—

[*English*]

Mr. Speaker: Order, please. The hon. member for Vegreville.

* * *

INDUSTRY

VERSATILE MANUFACTURING LIMITED—PROPOSED EXPANSION IN UNITED STATES RATHER THAN CANADA—DISCUSSIONS WITH COMPANY OFFICIALS

Mr. Don Mazankowski (Vegreville): Mr. Speaker, may I direct a question to the Minister of Industry, Trade and Commerce arising out of the questions I asked him last week respecting Versatile Manufacturing. Since the president of Versatile has revealed that officials of the Department of Industry, Trade and Commerce have not consulted and held discussions with officials of Versatile regarding the company's expansion in the United States, would the minister now take steps to initiate discussions

with top level officials of the Versatile company with a view to having this expansion take place in Canada rather than in the United States?

Hon. Jean-Luc Pepin (Minister of Industry, Trade and Commerce): Mr. Speaker, I think I gave the hon. member all the information I had at the time, but I will check. I hope that Versatile will also review its position bearing in mind the advantages that were contained in the budget of last Monday.

Mr. Baldwin: The minister has got to be kidding.

Mr. Mazankowski: In view of the minister's answer and since the president of the company has indicated that the DISC program was not the major, determining factor in this decision being taken, would the minister personally intervene and take an active interest in setting up meetings at once with the president and vice-president of Versatile with a view to having this plant expand in Canada rather than in the United States?

Mr. Speaker: Order, please. That of course, is a representation to the minister.

* * *

POST OFFICE

POSSIBLE RESTORATION OF SATURDAY MAIL DELIVERY

Mr. W. B. Nesbitt (Oxford): Mr. Speaker, I have a question for the Postmaster General. Can the minister tell the House whether he intends to reintroduce six-day letter carrier delivery in the urban areas of Canada? I ask this question in view of the minister's remarks in Vancouver.

Hon. Jean-Pierre Côté (Postmaster General): Mr. Speaker, I answered that question in the House a couple of weeks ago.

Mr. Nesbitt: Mr. Speaker, the minister indicates that he has already given a reply in the House some two weeks ago. I am aware of that. I was wondering whether the minister could perhaps give some further clarification at this time in view of his comments two weeks ago.

Mr. Côté (Longueuil): No, Mr. Speaker.

* * *

FILMS

PROTEST AGAINST CANADIAN FILM, "WOW", AND SHOWING IN VIENTIANE, LAOS

Mr. Robert Muir (Cape Breton-The Sydneys): Mr. Speaker, my question is for the Secretary of State and has to do with the recent film festival in Laos and the showing in April in Vientiane of a 90-minute Canadian government film, entitled "Wow", in which a number of actors illustrate the dreams they experienced while under the influence of marijuana. As many members of the diplomatic corps as well as others could not take 90 minutes of this drivel and walked out during the showing, may I ask the minister if he was aware of the showing, is this the government's way of portraying the good life in Canada, and is taxpayers' money to be spent in this manner?

Mr. Baldwin: Was the Minister of Finance in the film?

[*Translation*]

Hon. Gérard Pelletier (Secretary of State): Mr. Speaker, I could not endorse the esthetic judgments of the hon. member, whether accurate or not, I could not say, for I have not seen the film. However, the hon. member must know that all the films of the National Film Board are stocked with the various embassies throughout the world and that a committee of the NFB authorizes the participation of its own films in festivals throughout the world where they win many trophies.

I did not know the film "Wow" had been sent to Vientiane; I have just learned it. Should the hon. member ask me to have an inquiry made into the consequences of the viewing of that film at the festival, I should be happy to oblige.

[*English*]

Some hon. Members: Wow!

* * *

HOUSING

REQUEST FOR TABLING OF REPORT ON LOW-INCOME HOUSING

Mr. Andrew Brewin (Greenwood): Mr. Speaker, my question is addressed to the Minister of State for Urban Affairs in charge of housing. Some two weeks ago I asked whether he would table in the House the final report on low-income housing of the Dennis committee. At that time he said he had not received it. I am sure he must have received it by now; I understand it was sent to his office some time ago. Has he received it, and will he table that report in the House?

• (1450)

Hon. Ron Basford (Minister of State for Urban Affairs): Professor Dennis is still editing the report, as I made clear in the committee on the estimates the other day.

* * *

AGRICULTURE

GRASSLAND INCENTIVE PROGRAM—AVAILABILITY OF GRANTS TO FARMERS THIS YEAR

Mr. S. J. Korchinski (Mackenzie): Mr. Speaker, I had a question for the Minister of Agriculture who was supposed to have been here today. I have given notice to the department, and in the minister's absence perhaps the parliamentary secretary might provide an answer. Can any information be given to farmers concerning the grassland incentive program? Have there been any changes introduced as a result of last year's operations? There is some confusion. Some farmers are not certain whether they should apply or whether it is still possible for them to get grants this year.

Mr. Marcel Lessard (Parliamentary Secretary to Minister of Agriculture): I have been informed by the department that the hon. member can be assured that the grassland incentive program will definitely continue. To date, although the response has been excellent, there is still provision in the program for another two million acres of grassland. A number of improvements have been made in the program and a copy of a press release detailing these improvements will be in the hands of hon. members this afternoon.

* * *

DRUGS

REQUEST FOR STATEMENT ON GOVERNMENT POSITION RESPECTING MARIJUANA

Mr. P. B. Rynard (Simcoe North): Mr. Speaker, my question is directed to the Minister of National Health and Welfare. In view of the great and anxious interest in the Le Dain Commission report on marijuana, which the minister says is just about ready for release, may I ask the minister to tell the House whether the government intends to make its position clear at this time?

Hon. John C. Munro (Minister of National Health and Welfare): If the hon. member is asking me whether the government will make its position clear concerning a report it has not yet received, I do not think that makes too much sense. If he is asking whether we shall analyse the report once we see it, the answer is yes.

Mr. Rynard: It is important to realize that it is not knowing where the government stands on anything which is disturbing people.

Mr. Speaker: Order, please.

* * *

REGIONAL ECONOMIC EXPANSION

POSSIBLE WEAKENING OF OPERATION OF ACT BECAUSE OF ACCELERATION OF DEPRECIATION ON MACHINERY AND EQUIPMENT—PRIOR CONSULTATION WITH FINANCE MINISTER

Mr. James A. McGrath (St. John's East): Mr. Speaker, I should like to ask the Minister of Regional Economic Expansion whether there was consultation with the Minister of Finance regarding the introduction of the new accelerated depreciation rate on equipment and machinery, which might have the effect of seriously weakening the position of the Regional Development Incentives Act, especially in areas such as the Atlantic provinces.

Hon. Jean Marchand (Minister of Regional Economic Expansion): Would the hon. member be good enough to repeat the first part of the question?

Mr. McGrath: Yes. I wanted to ask the minister whether he had consulted with the Minister of Finance with regard to the provision in the budget with respect to the accelerated write-off of equipment and machinery costs, a provision which could weaken the effect of the grants made under the act?

Mr. Marchand (Langelier): I was at the cabinet meeting when this matter was discussed.

Mr. McGrath: What steps is the minister prepared to take to make sure that this does not happen?

Mr. Marchand (Langelier): I think the premise is wrong, Mr. Speaker.

[*Later:*]

Mr. J. M. Forrestall (Dartmouth-Halifax East): Mr. Speaker, I have a supplementary question for the Minister of Finance related to the question asked by my hon. friend from St. John's East. Will the minister give consideration to the position in which manufacturing and other companies find themselves? Having received grants they are now required to write off that portion of the grant applicable to production machinery before they can establish their cost allowances. Would the minister give consideration to this point? In terms of the budget brought down the other night there would appear to be some lessening of the power of DREE to attract industry to designated areas.

Hon. John N. Turner (Minister of Finance): I do not accept the premise, but I will certainly consider the point the hon. member has brought up. In general terms, I would hope that this change announced in the budget would make the Atlantic provinces more competitive, not only within this country but throughout the world.

* * *

PUBLIC WORKS

CHURCHILL REDEVELOPMENT PROGRAM—INCLUSION OF INCINERATOR TO DISCOURAGE INFLUX OF POLAR BEARS

Mr. Robert Simpson (Churchill): Mr. Speaker, I have a question for the Minister of Public Works. It relates to the redevelopment program being carried out jointly at Churchill, Manitoba, by the province and the federal government. Can the minister say whether any final decision has been reached concerning the inclusion in the program of an incinerator so that the influx of polar bears might be controlled or discouraged?

Mr. Speaker: I am not sure that this question ought to be answered at this time, rather than placed on the order paper. I have the impression it is the kind of question which might well be considered at the time of adjournment.

Mr. Simpson: On a point of order, Mr. Speaker, I thought the minister was preparing to rise. I was merely asking whether a final decision had been taken.

Hon. Jean-Eudes Dubé (Minister of Public Works): No, Mr. Speaker, I was not preparing to rise. I shall have to look into this matter and give the information to the hon. member later.

Inquiries of the Ministry

LABOUR CONDITIONS

MINIMUM WAGE—INQUIRY AS TO RAISING OF LEVEL FOR THOSE UNDER FEDERAL JURISDICTION

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, may I direct a question to the Minister of Labour. In view of the fact that it now has the authority to do so by order in council, is the government giving consideration to raising the level of the minimum wage for those who come under federal jurisdiction?

Hon. Martin P. O'Connell (Minister of Labour): Consideration is being given to the minimum wage. Such consideration has been going on for some time now. While I am on my feet, may I—

Mr. Knowles (Winnipeg North Centre): May we expect an announcement soon?

Mr. O'Connell: If an announcement is to be made it will be made in due course. While I am on my feet—

Mr. Speaker: Order, please. We have just about reached the end of the question period. Perhaps the Chair might recognize the hon. member for Edmonton Centre and possibly return to the minister in a short while.

* * *

CANADIAN CULTURE

ALLEGED DISCRIMINATION AGAINST CANADIAN-GERMAN ORGANIZATIONS IN ALBERTA RESPECTING APPROVAL OF GRANTS UNDER MULTICULTURAL PROGRAM

Mr. Steven E. Paproski (Edmonton Centre): Mr. Speaker, I should like to direct my question to the Secretary of State. Would the Secretary of State advise the House what his department plans to do about the evident discrimination shown in making grants under the multicultural program, considering that not one of the numerous applications by Canadian-German organizations in Alberta has been approved?

[*Translation*]

Hon. Gérard Pelletier (Secretary of State): Mr. Speaker, I do not accept the charge of discrimination in the member's question. I only wish to point out to him that he is very quickly drawing inferences. The process of grants to organizations under the multicultural policy has not been completely developed up to now, but surely there has been no discrimination against a group, especially that referred to by the member for Edmonton Centre.

[*English*]

Mr. Paproski: The minister said "multicultural". I received a telegram today stating that all the German organizations in Alberta have been discriminated against. They have not received one grant.

Mr. Speaker: Order, please. I apologize to the hon. members who have not had an opportunity to ask questions, but before moving to the budget debate and allowing the hon. member for Edmonton West to make his contribution, I will recognize the Leader of the Opposition who appears anxious to ask a supplementary.

[Mr. Dubé.]

* * *

EXTERNAL AFFAIRS

VIET NAM WAR—BRITISH PROPOSAL TO RUSSIA RESPECTING SPONSORSHIP OF CONFERENCE—CANADIAN POSITION

Hon. Robert L. Stanfield (Leader of the Opposition): My question is to the Acting Prime Minister or to anyone who is authorized to speak for the Department of External Affairs. What is the position of the government with respect to the initiative taken by the government of the United Kingdom in attempting to persuade the government of the U.S.S.R. to join with the United Kingdom in sponsoring a conference on Viet Nam similar to the conference which those two governments jointly sponsored in 1954? Has the government of Canada taken any steps to support the United Kingdom initiative?

Hon. Arthur Laing (Acting Prime Minister): Questions have been directed to the Prime Minister and to the Secretary of State for External Affairs on the Viet Nam situation and the suggestion has been made that a statement should be made in the House either by the Prime Minister or by the Secretary of State for External Affairs. I think this is still under advisement. If a statement should be made, I have every confidence that the matter now brought forward by the Leader of the Opposition will be dealt with in the statement.

* * *

BUSINESS OF THE HOUSE

WEEKLY STATEMENT

Mr. Baldwin: Mr. Speaker, I should like to seek information from the government House leader—I see him behind the curtain—I know he has been cogitating upon my question. I should like to ask the House leader what the business will be for the rest of this week and all of next week.

• (1500)

Mr. MacEachen: Mr. Speaker, as for the rest of this week, today, as my hon. friend knows, we are beginning the budget debate. Tomorrow we will continue our discussion of the Old Age Security Act amendments. If that bill receives second reading, we will commence second reading of the veterans bill. On Monday we will continue the budget debate, and on Tuesday we shall resume, if uncompleted, the pension bills, old age security and veterans.

Mr. Baldwin: Mr. Speaker, might I ask a supplementary? Can the hon. gentleman advise the House whether he has had certain discussions with his colleague, the Prime Minister, and can he reassure his anxious colleagues on the other side of the House that the House will in fact be sitting until the end of June? Can he also assure the opposition that we will in fact have an opportunity to

debate supply for the requisite number of opposition days; and in view of the limited number of days left for government debate, will the minister take an opportunity next week to indicate precisely what priority he will give to the legislative items on the order paper still to be considered?

Mr. MacEachen: Mr. Speaker, I want to give my hon. friend the assurance that, in the normal course, the House will be sitting until the end of June.

Mr. Speaker: Order, please. I understand the hon. member is rising on a supplementary. The question period expired some minutes ago, so perhaps the hon. member has a point of order.

Mr. McGrath: Mr. Speaker, I wanted to ask the government House leader when we can expect him to call government order No. 25, the amendments to the British North America Act granting educational rights to certain religious groups in Newfoundland.

Mr. MacEachen: Mr. Speaker, that item is on the order paper, and I hope that I will have some discussion with my colleagues to determine at what stage we would bring on the motion, especially in light of what might be the present wishes of the government of Newfoundland.

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, may I direct a supplementary question on the House business to the government House leader. What about Bill C-201, the foreign takeover review bill? Is it high on the list or down at the bottom?

Mr. MacEachen: Mr. Speaker, it is high on the list.

Mr. Speaker: Is the hon. member for Spadina rising on a point of order?

Mr. Ryan: Mr. Speaker, I have been trying hard to be recognized. I have a very urgent question and will not be here tomorrow.

Mr. Speaker: Order, please. I suggest to the hon. member that a question cannot be brought up by way of a point of order. The question period ended at 2.58 p.m., some seven minutes ago. There were a number of members waiting for an opportunity to ask questions which I am sure were urgent. It is not up to the Chair to determine which question is the more urgent. If the hon. member has the unanimous consent of the House, of course—

Some hon. Members: Agreed.

Some hon. Members: No.

Mr. Speaker: There is not unanimous consent to return to the question period. Orders of the day.

GOVERNMENT ORDERS

THE BUDGET

FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

The House resumed, from Monday, May 8, consideration of the motion of Hon. John N. Turner (Minister of Finance) that this House approves in general the budgetary policy of the government.

Hon. Marcel Lambert (Edmonton West): Mr. Speaker—

Mr. Speaker: Order. May we have order, please. It is difficult for the hon. member to commence his remarks unless the conferences now taking place are pursued behind the curtains. The hon. member for Edmonton West.

[*Translation*]

Mr. Lambert (Edmonton West): Mr. Speaker, I thank you for your courtesy.

Hon. members will remember that before the debate adjourned on Monday night, we dealt with some of the highlights of the budget speech of the Minister of Finance (Mr. Turner). I criticized quite bitterly some of the comments of the minister about the amendment to the Old Age Security Act. We saw the government's strategem and of course we will hear tomorrow a more precise account of the proposals of the Minister of Finance on the Veterans' pension increase, on the cost of living, etc. With all that show off, the minister was purring like an old cat.

If I could get the attention of the minister, Mr. Speaker, I could tell him my mind. He was already gloating over the regard he hoped to win from everywhere on account of the proposed increases for old people, veterans and other citizens.

Although the minister announced a basic tax exemption increase for persons of 65 or over, he failed to point out—intentionally or not—that at the end of the fiscal year the 3 per cent deduction on the tax payable for 1972 would be lost. As early as January 1, 1973, some taxpayers will benefit from deductions but what is given them with one hand is taken back with the other.

We had already witnessed the sleight-of-hand of his predecessor, but the present Minister of National Defence (Mr. Benson) took pleasure not in granting a tax deduction but in levying a surtax. And I do not have to go into details about his statement. Yet, we know very well that in the 1970 budget speech we were told that the surtax would automatically come to nothing at the end of December of the same year. But, and this was extraordinary, we had a budget, and a mini-budget in December 1970, to re-instate the 3 per cent surtax. But, stranger still—because of the fiscal needs of the government which, at the same time, wanted to slow down inflationary forces—the government found it advisable to re-instate that surtax. That was the first face-about.

• (1510)

Mr. Speaker, what is strange is that in June, the then Minister of Finance stated in the House that the government had an entirely new policy, an expansion policy, a policy of kindness towards the Canadian people, and the

government strained its shoulder trying to pat itself on the back in a self congratulatory gesture by saying that it had reduced taxes, because it had cancelled the surtax.

Why did the Minister of Finance not speak as well about the 3 per cent deduction which is to end in December and which will apply to all Canadian people as regards personal income tax—a new 3 per cent tax increase. After all, over these past 18 months the public has got used to this 3 per cent reduction. Of course there are reductions for old age people, but nothing at all for the public in general. And now, one can see the reason for this hike in taxes. Actually, in the budget statement the minister referred to a table showing government revenue and expenditure. And what else can be seen in there? In personal income tax, Canadians will pay about $1,100 million to the government. Is that a reduction in taxes? Mr. Speaker, claiming that there is a tax reduction for the general public is a terrible thing.

This is impossible, for there is a $1,100 million difference which will result from the elimination of the 3 per cent reduction. The minister is peculiarly silent on this matter.

When you re-examine his speech and his statements made outside the House, you realize that when he found himself cornered by newspapermen who do not consider themselves naive enough to accept everything the Minister of Finance says, he had to admit that we would have a tax increase.

Mr. Speaker, this is an amount of $1,100 million in the personal income tax field. It is true that taxpayers aged 65 or more will benefit, retroactive to January 1, 1972, from an extra exemption of $350. We also know that guaranteed income is going to be increased by $15 and $30, effective January 1, 1972. But I want to point out to the Minister of Finance and others concerned that not one of the ministers who are in the House this afternoon were here last night when the hon. member for Winnipeg North Centre (Mr. Knowles) analyzed the Machiavellian policy of the government.

[*English*]

This is Machiavellian and will have to be examined in greater detail during our study of the bill in respect of the increase in old age pensions. There is reference to the increase in the GIS and the cost of living escalator, but I want to ask the Minister of Finance (Mr. Turner) what he is doing with regard to the $15 and $30 increase in the GIS in relation to war veterans allowances. We have not seen the bill yet amending the War Veterans Allowance Act.

Mr. Mahoney: It was tabled today.

Mr. Lambert (Edmonton West): We get a pontifical statement from the hon. member for Calgary South (Mr. Mahoney) that the bill was tabled today, but it has not come down here yet. Can the minister tell the House whether the treatment of this particular increase will deviate from the treatment of past increases in the GIS and not count as revenue under the War Veterans Allowance Act? In the previous case, what was given with the right hand was taken away with the left hand and recipients of war veterans allowances were left at the same level.

Some hon. Members: Shame, shame.

Mr. Francis: It was corrected on April 1.

Mr. Lambert (Edmonton West): Not with regard to the guaranteed income supplement.

Mr. Francis: Yes, it was corrected on April 1 in the regulations.

Mr. Lambert (Edmonton West): As a matter of fact, the War Veterans Allowance Board insisted that veterans go through the GIS plan rather than make their election under the War Veterans Allowance Act as to what would be their income, if they had any option in determining whether they would take the GIS. The ruling is, notwithstanding what the hon. member for Ottawa West (Mr. Francis) says, that veterans shall be deemed to go through the GIS whether or not they make an election, and that is the rule that applies today. Is this going to be continued in respect of this increase?

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

Mr. Lambert (Edmonton West): You can make your speech in due course.

Mr. Francis: I just wanted to ask you a question.

Mr. Lambert (Edmonton West): I am asking the Minister of Finance whether it is proposed that the increase in the GIS will be exempt from the computation of revenues under the War Veterans Allowance Act?

Mr. Knowles (Winnipeg North Centre): The whole $15.

Mr. Lambert (Edmonton West): On the last occasion, there was an increase in the permitted ceilings under the War Veterans Allowance Act, only to the level of the increase in the statutory payments, not one penny more or less.

Mr. Francis: It was corrected on April 1.

Mr. Knowles (Winnipeg North Centre): Only for the $2.70.

Mr. Francis: That is what he is talking about.

Mr. Knowles (Winnipeg North Centre): No, he is talking about the $15.

Mr. Lambert (Edmonton West): If the hon. member for Ottawa West had listened, he would know I am not talking about the cost of living escalator. I am talking about the $15 and the $30 which are the statutory payments under the GIS. I am not talking in any way about the cost of living escalator, because the cost of living escalator is not subject to the income ceiling. I am referring to the limited increase amounting to $2.88 per month.

An hon. Member: Big deal.

Mr. Lambert (Edmonton West): There is not going to be any equivalent, but you tell that to the thousands of war veterans who are, after all, entitled to something from this country. I want to state what the facts are, Mr. Speaker. The increase of $15 under the War Veterans Allowance

Act, and the increase of $30 under the guaranteed income supplement will be treated as income, so the net result for the veteran will be one big fat zero. This is generosity across the board!

• (1520)

Now, I ask the Minister of Finance if he intends to bring in an amendment to correct this injustice because it is pure, unadulterated injustice and discrimination against the category of veterans entitled to this type of coverage. It may be that this was an unfortunate lapse in thinking, but I ask this administration, which is not distinguished by the number of veterans in it, to look at this particular problem. This concerns the debt of one generation to another. The taxpaying Canadians in general owe a debt to our senior citizens of age 65—and this is being recognized more and more—I suggest to everyone who was not a veteran either by reason of age or choice that there is a debt owing to the veterans of this country and this administration will stand condemned if it does not make the necessary changes in that regard.

Mr. Mahoney: What increases did the Tories give the veterans?

Mr. Lambert (Edmonton West): I will speak directly to the hon. member from Calgary South. I ask that hon. member—and I had the honour to serve in the regiment of his city— to look at the record of those administrations with regard to veterans.

Mr. Mahoney: You did not raise the pensions once.

Mr. Lambert (Edmonton West): Mr. Speaker, to have a minister of the Crown sit in his seat and make remarks which show precisely how wide the gap is between his ears is a disgrace to the administration. I will be charitable and say he is merely mistaken through ignorance. He could not possibly mislead the House.

Now, having said that I want to move to another item in the budget speech of the minister. He referred to percentages and worried about the escalation in the cost of living. Percentages were used. In all the press releases which have been issued by government departments and by his predecessor Minister of Finance, the performance of the economy has been given in percentage figures.

The government says that the cost of living has increased about 3.6 per cent in the last year. That is fraudulent misrepresentation all the way. If hon. gentlemen will only take a look at the tables of the consumer price index they will see that a five point increase, which is bad, becomes a smaller percentage figure because the base is increasing. Let us take a look. We have releases indicating that the consumer index is up 4¼ per cent since April, 1971 and is up 0.6 per cent compared with March 1972. But, the real increase is six points in the consumer price index. I say to the Minister of Regional Economic Expansion (Mr. Marchand) and the Minister of Justice (Mr. Lang) and any minister that when there is an increase of six points in the cost of living index, whether you start from base 100 or from base 133, it is still an increase in prices of six points and not a diminution of percentages. This is the point. I am not a mathematical numbskull.

Mr. Francis: That is clear.

Mr. Lambert (Edmonton West): All right. Government Representatives always speak of percentages.

Mr. Francis: It is 3.6 per cent.

Mr. Lambert (Edmonton West): The base is 100. Let us not have the hon. member for Ottawa West (Mr. Francis) cavil about this. He showed his ignorance on the last item and I will take him through this one, too. If it is six points on 100, let us wait five years at the present rate and we will be up to 175. What does six points mean with a figure of 175? It means a much lower percentage and the government will preen its feathers. The government will be happy. But I tell the hon. member for Okanagan-Boundary, the Parliamentary Secretary to the Minister of Industry, Trade and Commerce (Mr. Howard), that he will know about this because his pocket and his wife's housekeeping budget will suffer the same sort of debilitation. It will mean that his wife will be able to buy less and that the hon. member will be able to buy less than when the figure was 100.

It is the points which count, not the percentage. The hon. member has made a fatuous assertion and has taken an indefensible position because food prices have gone up 9.2 points since April, 1971. If hon. members do not believe this, let them read the statistics in the Bank of Canada Review for the month of April. They will see that in the general index for the end of April last year, food stood at 132.2 and at the end of April this year it stood at 138.2. When we mention food, I have to make this particular point. What are the senior citizens primarily concerned about? Of course, it is food, clothing and shelter. I would invite the Minister of Finance and any other of his disbelieving colleagues, to show me where the concentration in the consumer price index increase is, if it is not in food, clothing and shelter. It is 9.2 points in respect of food. It is 7.3 points in respect of shelter and 8 points in respect of other services these people get. We have heard this administration saying that in 1971 there was no more than a 3.6 per cent increase in the cost of living. That is a deliberate deception of the public; it is using another version of the figures because percentages are always calculated on an ever increasing base. The results are usually bound to come out as a lesser figure. I just want to put on record that no one should be fooled by this alleged percentage increase in the cost of living index.

• (1530)

Now, I will talk about another point that I made and that my colleagues will make shortly, particularly the Leader of the Opposition (Mr. Stanfield) when he speaks about personal tax cuts and the matter of unemployment. Others will speak about certain changes in the Income Tax Act, and the list of omissions is long. I will go through some of the undertakings made by the previous minister of finance which have gone unanswered in this budget. I have spoken about inflation. The Leader of the Opposition and others will speak about unemployment. If I were to list all the omissions in the budget I would be here until eight o'clock tonight, and the Minister of Finance (Mr. Turner) could not stand me for that long.

Mr. Turner (Ottawa-Carleton): I will miss my supper to listen to you.

Mr. Dinsdale: This is great stuff.

Mr. Lambert (Edmonton West): As I indicated the other night, over the months and the years we have spoken a great deal about the government's policy with regard to foreign investment. Then, the great day dawned. It was a grey dawn, covered with cloud. No sun shone on the Canadian scene as a result of that report. We got a picayune, repressive measure establishing a screening agency whose jurisdictional status is very much in doubt within the purely provincial realm. Frankly I expected the minister to do something about this matter because I think the Canadian public, particularly businessmen and the general investors, right down to the smallest buyer of mutual funds, expected the minister to drop the other shoe, the other half in what seemed to be a logical pattern in dealing with foreign ownership.

I can understand the setting up of a screening agency, but I do not agree with what is enunciated in that bill. On the other hand, I would have thought that the Minister of Finance would have brought in a fresh outlook, judging by his background and his statements regarding how he approaches his job and taking into account the complete bankruptcy of the previous policies of the government to which the minister makes more than incidental reference in his budget speech when he refers to the crippling effects of inflation. Who allowed inflation to go unchecked? The minister speaks about worrisome unemployment. Is the former minister of labour responsible for that? I do not think so. It is the general administration that is responsible. After all, the minister's predecessor took great credit when there was a momentary dip in the unemployment picture.

The Prime Minister (Mr. Trudeau) said that the problem of inflation was licked. I expected a fresh look at things, and I hope the Minister of Finance will take a fresh look in the immediate future. Perhaps he can agree to amend the bill and bring in another recommendation. What about bringing in some incentives to Canadians investing in Canadian enterprises? This does not mean the list which the minister trotted out the other afternoon in reply to a question of mine regarding interest being allowed on purchases by Canadian enterprises of other Canadian enterprises. This is one foot on the road to Damascus.

Mr. Knowles (Winnipeg North Centre): They are all on that road.

Mr. Lambert (Edmonton West): Then, there is the principal occupation rule.

Mr. Knowles (Winnipeg North Centre): It is crowded.

Mr. Lambert (Edmonton West): The hon. member was not a member of the Finance Committee. Those propositions were fostered three years ago in the Finance Committee.

Mr. Knowles (Winnipeg North Centre): Will the hon. member permit an interjection? When I interjected I was referring to the road to Damascus being crowded.

[Mr. Lambert (Edmonton West).]

Mr. Lambert (Edmonton West): I was speaking about the principal occupation rule, which has been one of the real nemeses to Canadian participation. I was involved in the development of the oil business back in the early 1950's, and if there was one thing that really killed Canadians as independents participating in the development of oil leases and in obtaining oil leases, as well as holding profitable control of the industry, it was that silly bureaucratic rule made I do not know where, perhaps in central Canada, the rule about the principal occupation. The minister tells me that the government has made a gigantic step in regard to it.

Under Bill C-259 Canadian citizens are still 80 per cent behind Americans on searching, exploring and developing within Canada. An American citizen has an 80 per cent advantage over a Canadian in the research and development of resources in Canada. You ask what has hobbled Canadians. Why did we have this stupid rule regarding interest not being deductible when you are competing with Americans who have an advantage? The Prime Minister has said that living next to the Americans can be compared to a mouse sleeping next to an elephant. A grunt from the elephant is an earthquake to the mouse. With regard to so much development on an industrial basis, whether or not we recognize it, there is a geographic continental approach. The minister knows very well what obstacle there is to the flow of capital across the boundaries. It is nil. There is, in fact, a continental financial policy which has been in existence a long time. Our friends to the south had every advantage when they came into Canada, but under our tax laws Canadians are not even allowed to compete on even terms.

• (1540)

I am disappointed in the minister. I would have thought that he would have striven to give us at least competitive equality. I would go much further in this field, Mr. Speaker. I personally, and I believe with the support of Canadians, would be prepared to discriminate by incentives in favour of Canadians and Canadian companies, without any fear of retaliation or what-have-you from anybody else. You know, Mr. Speaker, when Canadians try to invest in other countries, and some do, again notwithstanding a few of the proposals in Bill C-259, they run into rules and regulations that are enforced on behalf of the nationals of the countries into which they are going, and nobody objects to that. Why will the minister not do something with regard to Canadian investors? Why will he not give them an opportunity? I do not mean that this necessarily should be an opportunity to buy back Canadian industry. I don't know that you can buy it back. That is a pipe dream in somebody's mind. Not all the people in the New Democratic Party believe in it. Members of the Waffle wing are living in a fool's world. They think they can buy it back.

Mr. Mackasey: They are listening behind the curtains.

Mr. Lambert (Edmonton West): Mr. Speaker, hon. gentlemen opposite can see what is going on behind me, and members behind and to the left of me will have opportunities to make their own speeches. There is no question of buying back; but is there no way of encouraging Canadians to get out of American equities, to encourage Canadi-

an mutual funds to get out of American equities and invest in Canada?

I can suggest a way of doing this. We have imposed a new tax on equities—capital gains. Why not, within our resources, give Canadians a break on capital gains and long-term investment in equities in the resource field? I suggest that the minister try this for size among the mining people, the oil people and the forestry people, and see what their reaction would be. I have here a report of the last meeting of the Council of Forest Industries of British Columbia. I quote from it in all seriousness, particularly for the benefit of members who do not come from British Columbia, and I include Albertans among those. The Minister of State from Calgary South (Mr. Mahoney) has heard this previously when he was a member of the Standing Committee on Finance.

B.C. forest industry is the highest taxed in the western world.

Mr. Howard (Okanagan Boundary): What about provincial tax?

Mr. Lambert (Edmonton West): Federal taxes plus provincial taxes.

Mr. Howard (Okanagan Boundary): What are the provincial taxes?

Mr. Lambert (Edmonton West): This is the kind of excuse we get from people like the Parliamentary Secretary to the Minister of Industry, Trade and Commerce. It is always somebody else's fault. Looking at it from the Canadian point of view, what is the competitive position of that industry?

Mr. Mahoney: Let's have the rate of federal tax.

Mr. Lambert (Edmonton West): It is shameful for the federal government to participate with the provincial government in this, and I am not going to excuse the provincial administration one iota, no more than I will excuse any provincial administration that has escalated its estate tax, another subject with which I will deal later. The report of the meeting stated that in British Columbia:

—the industry's tax burden is the highest in the western world, and has reached the point where various levels of government are now taking nearly 80 per cent of pre-tax earnings.

Mr. Howard (Okanagan Boundary): How much is federal tax?

Mr. Lambert (Edmonton West): I don't care how much the federal tax is. The provincial tax and the municipal tax take about 30 per cent or perhaps 32 per cent. The federal share is 47 per cent or 48 per cent.

Mr. Stanfield: There is a bit of silence over there now.

Mr. Lambert (Edmonton West): It strikes me as a very lame excuse for government members to say they recognize while they may have a sliver in their eyes, then the others have a fence post in their eyes. They are both blind. Whether the tax on Canadian industry is federal, provincial or municipal, that tax will be reflected in the sale price of the goods produced. And if there is a continuous loading on of tax, as some administrations are so blind as to do, including the federal government, all it means is that Canadian industry becomes less and less competitive.

With respect to the mining industry, I would like to ask whether the minister has read the recent speeches by the President of the Mining Association of Canada? Has he read the annual report by the President of Noranda? I hope he takes it to heart. I wish I could file the speech of the President of Noranda as an appendix to my own as I will not have time to read it in now, but I commend it to all hon. members.

The lack of initiative really lies at the federal level. In trading, we live in a very competitive world. Canada will live or die depending on the success of its international trade. A complete change is taking place in the Common Market. Next year the Minister of Finance and the Minister of Industry, Trade and Commerce—whoever they may be—I am not going to say they will be the same two men who occupy those portfolios now—

Mr. Béchard: They will be.

Mr. Lambert (Edmonton West): —will wake up and have to admit, as the present Minister of Industry, Trade and Commerce has already done, that on commodity account our surplus is going down. Next year, with the coming into force of the expanded Common Market, we will face some very difficult short-term problems. I am not going to affix any blame to any particular individual for that. This is something that is beyond Canada's control.

Mr. Pepin: That is why we have the budget we have.

Mr. Lambert (Edmonton West): This is peanuts. And you are not even getting into the growing of peanuts.

Mr. Pepin: $500 million worth of peanuts?

• (1550)

Mr. Lambert (Edmonton West): Remember the example of the British government in the groundnuts scheme in Tanganyika. Don't get into peanut growing!

Mr. Speaker, what is lacking, and some provincial premiers have adverted to it, is a policy of industrial strategy for Canada. Perhaps we have seen a glimmer of this in some of the speeches made by the Minister of Industry, Trade and Commerce (Mr. Pepin) but within the taxation policy there is no reflection of it. There is an ad hoc bow to manufacturing and processing—but somewhere else. I am talking of manufacturing and processing as of now and next year. Most of the benefits of this administrative step will not occur until 1974 and 1975. The proof of the pudding in regard to any tax reduction measure is in the reaction of the people tasting it.

Mr. Mahoney: Oh, oh!

Mr. Lambert (Edmonton West): Frankly, Mr. Speaker, I have seen this minister display tax ignorance and financial ignorance when he was handling Bill C-259, and more lately as well. If an industry says that a benefit or concession will mean very little, I am prepared to take their word ahead of those people who operate in an ivory tower. God knows, Bill C-259 was conceived in the tallest

of ivory towers and was defended to the death by people who were shown to be absolutely and blatantly wrong.

This is within the context of what I have said about the needs of an industrial strategy for Canada. I commend to the Minister of Finance (Mr. Turner) that, if they have not already done so, he and his officials should start to work on a policy of industrial strategy for Canada. The manufacturing and processing benefits are going to be felt in Ontario and Quebec—the minister shakes his head.

Mr. Turner (Ottawa-Carleton): Alberta is going to be booming as a result of it.

Mr. Lambert (Edmonton West): The government of the province of Alberta does not think so. The minister should read the remarks of the provincial treasurer and provincial premier in regard to this, because they do not see it at the present time.

Mr. Turner (Ottawa-Carleton): It is giving the premier just what he needs.

Mr. Lambert (Edmonton West): I am talking about a change in manufacturing and processing. At the present time, the benefits will be too concentrated. What incentive has the minister given to Canadians to invest in new business in Alberta in competition with foreign interests which already exist there in large numbers, and which are not controlled by a foreign review board or a takeover board? This is what I am talking about, an industrial strategy. For instance, where have the benefits of DREE gone in the various provinces? They have gone to the constituency of the Minister of Agriculture (Mr. Olson).

Mr. Turner (Ottawa-Carleton): Oh, oh!

Mr. Lambert (Edmonton West): All right, all one has to do is talk to the Minister of Agriculture and tell him that they have gone to his constituency, and the one next door. They have gone to other provinces too, but will there be any real benefit?

Mr. Marchand (Langelier): And the Conservative ridings in the Maritimes.

Mr. Lambert (Edmonton West): Where have they gone in the province of Ontario and the province of Quebec? In many instances, they are working contrary to the provincial departments of industry and trade. Let the Minister of Regional Economic Expansion (Mr. Marchand) ask the provincial ministers this question. I have heard his name included in a list, and it was not in a litany of saints, in relation to the operation of DREE.

Mr. Mackasey: And the Okanagan Valley.

Mr. Lambert (Edmonton West): We can pick various areas, but it has been a hit and miss operation. The Department of Regional Economic Expansion is operating on its own hook, and not within a policy of industrial strategy established after discussions between the Minister of Finance and the provinces.

There are occasions when, for the benefit of Canada as a whole, the government of Canada should consult with the provincial governments so that we do not get the situation that we have now where there is confrontation between governments nor between the Minister of Finance when he was making sharp cracks at a provincial premier the other night. I will invite the Minister of Manpower and Immigration (Mr. Mackasey) to read the newspaper reports on the remarks of the Minister of Finance concerning Premier Bourassa.

Mr. Speaker, I do not want to take up all the time of the House this afternoon. Someone else is going to talk about the details of the tariff changes. My colleagues and I welcome the creation of the new category of general preferential tariff to assist developing countries, and I commend the minister for it as will every thinking Canadian. It is much more constructive than just handing out grants and subventions. It will have to be worked out, and there will have to be some adjustments, but it is a step in the right direction.

One thing worries me about this whole change in the customs tariff, however, and that is it may be a reversal of free trading, particularly with regard to textiles. It will be much easier to impose duties and conditions unilaterally without negotiating quotas. There is a benefit in negotiating quotas in that there is usually a trade-off. During the election period of 1968, the then minister of industry, trade and commerce imposed a surcharge on certain textiles and this caused dislocations here in Canada as well as the countries it affected. As a result business relationships were soured. Surely, that is the wrong way to proceed, hiding behind the facade of bureaucracy. Members will not be able to get at those changes in a meaningful way until debate is over and the law in force. This is a point. Oh, it looks good. I know the Minister of State (Mr. Mahoney) loves efficiency and being able to put a big, heavy hand down on something, and hiding it. That is his way of behaving. But that, Mr. Speaker, is not how this House likes things to be done. It wants them out in the open.

• (1600)

[*Translation*]

The Acting Speaker (Mr. Laniel): Order. The Postmaster General on a point of order.

Mr. Côté (Longueuil): Mr. Speaker, I was trying to listen to the simultaneous interpretation and I did not understand exactly what was said concerning the term "façade". As a matter of fact, I did not understand the exact translation of this word.

Mr. Lambert (Edmonton West): Yes, Mr. Speaker, it is "un mur sans ouverture", "it is a façade without opening". It is an English expression, but the minister knows English as well as I know French. Therefore if the expression is not easily translated, it is comprehensible.

[*English*]

This trend worries me, Mr. Speaker. Some of my colleagues will develop this point.

[*Translation*]

Mr. Côté (Longueuil): Did you lose your place?

[*English*]

Mr. Lambert (Edmonton West): For the moment I have mislaid some material that I want to put on record. This is a case, you know, of saving the face of the hon. member for Calgary South (Mr. Mahoney).

An hon. Member: Have you found the material?

Mr. Lambert (Edmonton West): Yes, I have found it. I am about to refer to the Bank of Montreal survey on investment policy and capital spending in 1972. Some weeks ago, the capital investment intentions for 1972 of Canadian companies in the Canadian economy were released and, quite frankly, notwithstanding what the minister said, they were very disappointing. There is to be an increase of only 4.9 per cent over 1971 preliminary spending figures. If a price factor in the neighbourhood of 4 per cent is assumed, then total gain or growth for 1972 will be exceedingly slim. This is rather strange, Mr. Speaker, because the minister insists that there is a growing buoyancy in business activity. Remembering that during the second year of what we were told was economic expansion capital spending traditionally should have gathered strength, it would appear that this survey I hold in my hand should have shown more pronounced gains. The minister may have his explanation for what has happened. Yet, why was there this stagnation, shall we say, in the forecasts regarding capital spending in 1972 in the private sector?

First, let me say the low rate of growth indicates the rather large additions to plant capacity which were made in the previous two or three years. During 1969 and 1970, when inflationary psychology was particularly prevalent in the economy, producers in the manufacturing industries increased their investment outlays by an average of 19.4 per cent, at a time when one might have expected investment to drop under the pressure of the tight monetary policy prevailing at that time. May I interpose some other thoughts at this time. Since this 19.4 per cent evidently represents an overcapacity, the minister's incentives for the manufacturing and processing industries in the form of tax benefits and accelerated depreciation will not be as effective as he might think. It will be seen that during 1971 the mining industry also greatly expanded its investment outlays, thus increasing its capacity during a period when world demand was sluggish. Look at International Nickel and at many other companies with unused capacity. Does anyone think they will spend more money in 1972 and 1973 for machinery and expanded production facilities? I do not think so. Overall, these relatively large increases in productive facilities added inordinate weight to the high levels of excess capacity evident last year.

Second, possibly an even more important factor influencing capital spending intentions was the businessman's interpretation of future trends in the economy at the time the survey was taken. It was to be expected that some downward bias would exist, since businessmen were then still influenced by the poor performance of the Canadian economy in the previous year. In addition, the rather gloomy mood of the business community was further intensified last year by extraordinary events both in the domestic and international environment. There was the very unsettled international financial situation. Of course, in Canada we saw the establishment of the surcharge and trade protection measures taken by the United States.

Last, but by no means least—and I want the Minister of Finance to pay particular attention—there was the avalanche of proposed Canadian legislation affecting business. I refer to matters like Bill C-256, Bill C-263 and a litany of other, infamous acts. While over-all investment outlays by business on plant and machinery are scheduled to increase by 3.7 per cent, individual industries face vastly differing circumstances which are reflected in a fairly wide inter-industry disparity in capital spending intentions for this year.

I spoke earlier about the pulp and paper industry and the forest industry. Let us see where the pulp and paper industry stands at the present. This industry, the pulp and paper industry, constitutes one of the weakest investment sectors within the business community, whereas in the sister industry, the forest industry, investment outlays are expected to increase at the rapid rate of 12.4 per cent. This wide discrepancy is not surprising, since the forest industry in 1971 enjoyed a buoyant demand for lumber in the midst of a North American housing boom while pulp and paper, beset by sluggish demands, intense competition in its traditional markets and a further squeeze on profits as a result of the appreciation of the Canadian dollar, has seen its profit margins dwindle by two thirds. Today, if I may interpose, the minister did not have much to say about the future of the Canadian dollar. If the present trend continues, the pulp and paper industry, the Canadian heavy chemicals industry and many of our export industries will be even more hard hit. The tax reduction in 1973 will not be of assistance to them, because it becomes effective only in 1974 so far as cash flow is concerned.

The mining industry, with the exception of iron ore and petroleum, has also experienced a softening in market demand as a result of the slowdown in manufacturing activity in Europe and Japan. After the heavy investment program in 1971, producers in that industry have indicated a considerable cutback, by at least 17.5 per cent, in capital spending as well. Because of the heavy capital intensity of these resource based industries and the large weight of their investment expenditures within the business sector of the economy, their scheduled reduction of capital spending will act as a significant drag on the over-all expansion of spending on business plant and equipment.

That is the sector that the minister wishes to encourage. What will produce immediate results, Mr. Speaker. Will it be tax reductions in 1973 and 1974?

Mr. Turner (Ottawa-Carleton): It will help corporate planning. We have given corporations the right to immediate depreciation.

Mr. Lambert (Edmonton West): The minister talks about corporate planning and thinks that this will help. Why did the minister not do something about Canada's multinational corporations and the matter of international income? He has only postponed the evil day when the axe shall fall. Instead of being in 1973, it is to be in 1975. And is there any area in which long range thinking and long range commitment is of greater importance than in the

international field? What company from western Canada, for example, would enter into a joint arrangement with Japanese industrialists in the absence of some greater certainty as to its future position? Oil and drilling operations are now limited in Canada. Take the position of a Canadian company which is operating in the North Sea, or elsewhere, through a subsidiary, or in partnership with foreign companies. Is such a company likely to go forward with its plans without knowing what the future is likely to be? Remember, all that these companies have been exposed to so far is the philosophy of Bill C-259 and, what is worse, of the white paper before it. The minister has said: I intend to put off the evil day until 1975. If I were a Canadian businessman considering the possibility of expanding overseas, Mr. Speaker, I would stay home. The minister must come to an early decision. There is no room for a postponement until 1975 at this point. It is totally wrong. How many companies have already transferred their headquarters?

• (1610)

Mr. Turner (Ottawa-Carleton): Name them.

Mr. Lambert (Edmonton West): There are some. It is wrong to say "Name them", because by then the decision to move will have been taken, and there is no way in which the minister or anyone else can go cap in hand to a board of directors and say, "Please come back." This is an area in which we are bound to be competitive, an area in which it is necessary to compete with others on equal or on better terms. Just because someone says there has to be a certain amount of so-called equity in taxation, and someone in government says "A buck is a buck" a decision is made to tax business companies, even though the money has not yet been received by them, even though under the laws of the country in which the investment has taken place, in which the operation has taken place, it may not be remitted, even though the Canadian concern might own only a minority interest and cannot get the money home, the Canadian company is to be obliged to count this money as income and be taxed on it. What sort of hamstringing philosophy is that?

I am disappointed in this budget. I expected a great deal from the minister, having heard certain statements from him in the past expressing what I had hoped would be his philosophy, a philosophy which recognized that the Canadian economy works on the basis of incentives; that it should be encouraged; that it should feel the government is behind it, not on its back. But the government is exacting from the economy ever more hundreds of millions of dollars each year. One has only to look at the tables of government revenue and expenditure to realize how true this is. All this money comes from only one place. Every blessed last dollar comes out of the pockets of Canadians, people living and working in Canada. The government, of course, takes credit for redistributing it. It distributes largesse. All it is doing is taking money out of one pocket, putting it into another, and saying "What good boys we are; we are giving it back to you this way". As I say, I am terribly disappointed, and therefore, seconded by my hon. friend from Saint John-Lancaster (Mr. Bell), I move:

That while acknowledging certain beneficial provisions—

[Mr. Lambert (Edmonton West).]

Mr. Knowles (Winnipeg North Centre): Isn't there something missing? Shouldn't you move to delete all the words after "That"?

Mr. Lambert (Edmonton West): I am sorry, Mr. Speaker. There has been a certain hiatus. The motion should read:

That all the words after "that" be deleted and the following be substituted therefor:

While acknowledging certain beneficial provisions in the budget proposals, this House regrets the failure of the government to bring forth effective measures to relieve unemployment, to provide incentive for Canadian investment in Canadian development or to propose personal tax relief for stimulation of the economy.

Mr. Knowles (Winnipeg North Centre): Don't you have any drafters on that side?

The Acting Speaker (Mr. Laniel): The Chair was about to raise this technicality, the relationship of the amendment to the motion before us. We shall make the necessary arrangements so that the motion provides for the removal of all the words after "that".

Mr. Max Saltsman (Waterloo): Mr. Speaker, on March 3 the hon. member for Winnipeg North (Mr. Orlikow) placed a question on the order paper. It read as follows:

In the years 1957 and 1967, what percentage of the total money income was received by the (a) lowest one-fifth (b) second lowest fifth (c) third lowest fifth (d) fourth lowest fifth and (e) highest fifth of all family units?

A reply was tabled a few weeks ago and, to the amazement of everyone who examined it, it clearly showed that in the ten years between 1957 and 1967 there has been no appreciable change in the way in which income is distributed in Canada. And this despite all the vaunted programs brought in by the Liberal party and by the Conservatives before them aimed, it was said, at the redistribution of income. The distribution of income in this country remains essentially the same. The columnist, Douglas Fisher, simply took this information and printed it in the paper for which he writes, offering only a very limited amount of comment, something which, for Mr. Fisher, is unusual. This is a case, though, where the facts speak for themselves and additional comment is scarcely needed.

The other day, in the Committee on Finance, Trade and Economic Affairs, the Chairman, the hon. member for Don Valley (Mr. Kaplan) was obviously in a state of agitation. He asked the officials from Statistics Canada, who were appearing before the committee, to come prepared to state whether these figures were correct or not. I should like to quote from the minutes of that Committee for May 4, at page 11. The hon. member for Don Valley addressing the representatives of Statistics Canada had this to say:

• (1620)

I am not satisfied with the information that you have. I appreciate that you are giving us all there is, certainly I am prepared to accept that, but I am not satisfied that enough priority has been given by Statistics Canada to this area. I would just like to tell you that, to me, this is one of the most serious allegations I have ever seen made against the government that in the last X years, whatever it is there has been no significant or any redistribution of income. I think it is very important for the credibility of Parliament, if you like, that there has been movement. If it does not show in the dollars, but there are redistribution programs and

government services that are not reflected in these figures, then Statistics Canada, I would submit, has a responsibility to try to produce the information so Canadians can actually see we are going to try to remedy this kind of disparity.

That is a most pathetic statement made by a young man in search of justification for his policies. Here was a conscientious Liberal, a man who really believed that Liberal policies would cure the ills of our society, dashed by statistics. The facts simply do not bear out that there has been any appreciable improvement in the distribution of incomes in this country.

Like so many of his colleagues, when the statistics did not bearout the point he was trying to make he accused those who were gathering the statistics. Or, as the Minister of Finance so often does, if he does not like the statistics on unemployment he quotes statistics he does like. He says: "Let's not talk about levels of unemployment, let's talk about how many people are working. Perhaps unemployment will then go away. I am not in the forecasting business; don't ask me what the levels of unemployment are going to be". He does not like the figures on unemployment because they are shocking, a disgrace to the country, so he finds himself some new statistics or challenges those that exist.

As a matter of fact, a little further on in the same committee proceedings the hon. member for York East (Mr. Otto) showed his unhappiness with the statistics on unemployment and started a round of questioning to see whether or not he could get Statistics Canada to indicate that there was something wrong with the way unemployment statistics are reported. Statistics Canada had to reassure him that the figures were indeed as they were, and that all the talk about participation rates and levels of unemployment and the number of young people in the labour force, new entrants in the labour force, and so on, do not alter the essential failure of the government to correct some of the glaring problems that are facing our society.

To some extent, the rising gross national product and the rising increase in production, that has taken place all over the world have obscured the redistribution of income and the fact that the benefits that are supposed to accrue from a Liberal society simply have not materialized. We live in a rich country and to some extent have been living off our capital assets. We have been polluting and taking short cuts, living off our resources, our power supplies, our iron ore, selling them off as a cheap way of maintaining much of the status quo. But we have not been running the country—certainly, the government has not—in an intelligent way.

I use these remarks as a preamble to what I am going to say about the budget, simply to indicate what has been going on and to show that the budget before the House is a continuation, a very bad continuation, perhaps even worse than before, of policies designed to perpetuate inequality between the people of the country and maintain the essential unfairness that exists. To paraphrase Walter Bagot's comment on the House of Lords, the cure for this budget is to have a close look at it; and when you take a close look at it, you see it for the bad budget that it is.

The government had at its disposal rapidly increasing revenues that could have been used to lower taxes for the ordinary people of Canada. Instead of that, the government gave the bulk of its growing tax revenues to the corporate sector. Of the $850 million that the government distributed, $350 million went—we think—for some worthwhile purposes, such as assisting pensioners and those who are going to school. But a much larger amount, $500 million, went to reduce corporate taxes. The government is going to collect 49.9 per cent of its revenue from income tax and 12.2 per cent from the corporate sector, which indicates a growing disparity between the two revenue fields. This situation is particularly objectionable when we consider that only a little while ago there was a temporary tax reduction of 3 per cent given in the personal income tax field but 7 per cent in the corporate field. Going back to 1962, at that time the government collected 31 per cent of its revenue from the personal sector and 21 per cent from the corporate sector. Today, the percentage is 44 per cent and 15 per cent. That is an administrative budgetary figure; the other figures were taken from national accounts.

In this budget the government is proposing to increase personal tax by $1.12 billion. Over the amount collected last year, this represents an increase of roughly 15 per cent. The government is proposing to increase direct sales taxes, which in the main come directly from the people, by almost 10 per cent. While the government is doing this, it is reducing corporate tax revenue by something like $60 million. When you look at what the government is doing it seems hardly credible.

The government apologists may say—I am sure the minister will say this—that it is impossible to make this kind of distinction between personal income and corporate income. After all, what are the corporations? They consist of shareholders and eventually this money goes to the shareholders. This may be the case in some kind of closed society where the shareholders of an industry are nationals of one country. But this is not true in a country like ours where the bulk of the taxes collected from corporations are collected from the companies rather than the shareholders. More than half of the taxes collected in Canada from corporations are collected from foreign owner corporations. So to the extent that a tax advantage is given the corporate sector, we are conferring a benefit on a foreign treasury or on foreign investors, not on Canadians. The government is asking the taxpayers of Canada, the wage and salary earners, to pay a fantastic subsidy to foreign owned corporations.

The hon. member for Edmonton West (Mr. Lambert) asked why did not the government simply give these advantages to the Canadian owned corporations. This would have nullified what the government is trying to do, namely to bribe United States corporations in Canada not to return to the United States or to transfer production because of DISC. The hon. member for Edmonton West also said that the government did not have an industrial strategy. They certainly do have an industrial strategy, one that is becoming very obvious now. Their industrial strategy is simply to offer bigger bribes than anybody else. Their policy is: "Don't try to manage the economy, don't try to regulate industry, don't try to incorporate safeguards; just bribe. Whatever bribe is offered elsewhere, offer the same bribe".

Before the Minister of Industry, Trade and Commerce (Mr. Pepin) leaves the House—I know he is not doing so intentionally—I should like to make a comment that I want him to hear. I read one of his speeches the other day in which he said very much the same thing. Perhaps he did not mean to say it, but what he said was that the only way we can keep foreign-owned corporations in Canada is to give them higher profits. I think he said this in reference to the fact that automobile prices are higher here than in the United States. He says we have to give them more profits. In other words, we have to continue to bribe them. The minister may now leave if he wishes.

• (1630)

I suppose this is an industrial strategy of sorts, but is it really the kind of industrial strategy any self-respecting nation can live with, and is it the kind of industrial strategy Canadian wage and salary earners want? Are they going to be willing to pay more and more taxes in order to bribe corporations into staying in Canada? Are we Canadians so impotent we cannot develop our own country? Do we not have the technique, the ability, intelligence or whatever it takes to do this ourself? The sole industrial policy of the Liberal party is to bribe the hell out of corporations.

If DISC offers certain advantages let us figure out what this will mean to foreign-owned corporations. The Liberal government will not try to legislate in respect of them, put safeguards in our measures and will not tell these corporations that while operating in Canada they must act as good citizens. This government just bribes them, ups the ante and gives more than any other country would give them. I do not think we can give them much more as we are collecting very little in corporation taxes now. The amount is down to about $2.3 billion. If you take into account the fact that almost a billion dollars goes out in respect of DREE and another half billion in other government handout programs, we are not even collecting $1 billion from the corporate sector. As Carter asked, if you do not get anything from the corporations why do you need them? Surely, we are entitled to expect, not that corporations will carry the entire load of requirements in our society, but that they will carry part of the load instead of shifting it entirely to the shoulders of the wage and salary earners in this country.

One must ask who his friends are, because that's what politics is all about. It is obvious who are the friends of the Liberal party, and it is not the wage and salary earners of Canada. That party gives little consideration or thought to them. Perhaps now that an election is imminent, it will be very difficult for the Minister of Finance (Mr. Turner) to resist the pressures being brought to bear by the bagmen. I am sure they will not have any more trouble with him. This budget is a bagman's delight. The bagmen could not ask for anything better from the Minister of Finance. He has given them a marvelous gift on the eve of the election. The government does not even have to be very generous to the corporations of Canada. There are a few that are important, but that number becomes even less as far as the Liberals are concerned. They sometimes think about the Tories, but that is corrected very quickly when a budget such as this is presented.

[Mr. Saltsman.]

This is not a very generous government. If you take back one per cent of the beautiful handouts, the Liberal party will only have $5 million to go into this election. There is another incidental benefit. If the Prime Minister (Mr. Trudeau) wants to hold a banquet in Toronto, he can up the price because they can certainly afford to pay it. He does not have to improve the quality of the food and there is no reason to expect that the speeches will be any better. At least he can ask for more money because he has been generous, and I would think this generosity will be reciprocated in some way. Business may be grateful for these handouts but most Canadians will not be. I do not want to minimize some of the features of this budget which provide some benefit, but for the majority of Canadians there is very little in the budget which will be of assistance.

The Minister of Finance is playing a curious kind of game. He is playing a sort of Robin Hood role in reverse, robbing from the poor in order to help the rich. Perhaps we should call him "Hood Robin" when he plays the game that way. He is putting his hand in the pockets of the poor to help the rich. One is not supposed to rob from anyone in a civilized country, but he has decided to put his hand in the pockets of the wage and salary earners in order to help those people who do not require this kind of assistance. If we felt this was the only way to stimulate the economy of Canada, no matter what inequalities might result, perhaps we might have to put aside this question of equity. However, there is no evidence that equity has to be sacrificed, particularly at a time when profits are rising substantially in Canada. Profits bottomed out long ago and are now beginning to level off. There is no evidence which would indicate that the profit picture has to be improved in a general way in order to provide full employment, unless of course you take the view that the government is impotent, helpless and has no way of dealing with things like DISC or threats against the Canada-U.S. auto agreement.

Let us consider this charming and gallant "Hood Robin", our Minister of Finance. He does what you expect of a charming and gallant man. As he leaves the bank he has just robbed, or leaves the poor from whom he has just taken, he sees a lady selling apples on the corner and is seized with a moment of sentimentality. He reaches into his pocket and gives her a big tip. He hopes this act of kindness will obscure what he has just done. He hopes it will obscure the offence of acting against the poor of Canada in favour of the corporations. I do not think even his smile is enough to cover up what is happening.

In my view, and I believe in the view of all my colleagues, this is a fraudulent budget. The old age pensioners are supposed to be grateful for the $2.88 increase they will receive. Those receiving the income supplement will get some assistance and we are happy for that. There was no increase in basic old age pensions, and this is long overdue. These pensioners are supposed to be very thankful, but from every indication I have seen they are not. These people are not stupid. They know that the cheques are supposed to reach them just before the election and that they are expected to respond with gratitude. Perhaps the pensioners would be grateful if they were to receive the kind of largesse the corporations are getting from this government. Perhaps they should give back 1 per cent,

which would give the government 2.8 cents. Perhaps the government should print a special bill of that denomination and send that along with the first cheque to the old age pensioners in order that they might show their gratitude to this government by mailing back that special bill. This could be done as a token of the gratitude they have for this government.

The other day I obtained a copy of the *Evening Report* and a copy of the Kitchener-Waterloo *Record*. The *Record* contained an article headed "3.6 per cent pension increase for vets 'great insult,' says legion head". Pensioners in this country may need every cent they can get, but they have some pride. It is an insult for the government to give them this kind of meagre handout in anticipation of an election, expecting them to be grateful rather than suspicious of the government's motive. The government would be better off to leave this matter alone until after the election. Once we had a "three buck election" in this country.

Mr. Knowles (Winnipeg North Centre): It was six bucks.

Mr. Saltsman: That's even better. We might look at the student assistance which on the surface would appear to be very good. I can tell you, Mr. Speaker, it will be very good for somebody like myself with my income. It will be very good for members of parliament because we are receiving reasonably substantial incomes. We are not being badly treated. But it will not be good for an ordinary workingman because it is only possible to take advantage of the student assistance, the $50 a month for a student attending school, if you have taxable income. It will be a very substantial benefit for me since I have a son attending university. What sort of benefit will it be for the steel worker who is earning $5,000, $6,000 or $7,000 a year? What sort of benefit will it be to him?

• (1640)

Is this fair, particularly when we realize that the provincial governments have increased the fees at universities. They are cutting back in many ways and making access to university more difficult. I do not want the Minister of Finance to tell me it is a provincial problem and not a federal problem. The provinces started cutting back when the federal government placed ceilings on the aid it was prepared to give the provinces. The federal government told the provinces that every time their expenditures exceeded a certain amount there would be no sharing of the amount above that figure. The federal government said, in effect, that the provinces had so many years to start raising the money because they would no longer get it from the federal government. Then, the government has the gall to preen itself for what it is doing for the students. It destroys the financing of universities on the one hand, and then says that students will be better off because some advantages and compensation will be offered.

There are many things wrong with the financing of universities. I do not agree with everything that is done there. However, this method creates more difficulty and is insulting to the students of this country who do not make a great deal of money. It is a great benefit to a student who does make a lot of money, but how many students are there in Canada who can attend school and earn large enough sums of money to have a taxable income against which they might obtain a benefit? There are not very many so far as I am aware.

The assistance to the crippled and those who are disabled falls into the same category. Whoever drafted this legislation must have thought that only rich people have mothers who are incapacitated, that the poor do not have mothers or relatives who have to be wheeled around, because the benefit again applies to taxable income. This is similar to child care provision in the tax legislation which gives far more benefit to those with high incomes than to those with low incomes.

Also, it would seem that there are no farmers in Canada. I do not think a word appears in the statement about farmers. If the minister did not intend to do anything for the farmers or the fishermen, he might have had the good grace to apologize and say that he will do something for them later. It is as though they did not exist. When the Minister of Finance is asked why there has been this gross oversight, he says a lot is being done for them in other legislation. He will have many hard-nosed farmers to convince about that. The farmers have only themselves to blame, because they do not pay the $50 to attend the banquets at Toronto. The farmers have placed themselves in a terrible position by not attending the banquets and thereby qualifying to receive this treatment in the budget. I hope they have learned something from this budget about attending banquets. I do not know how much money is required to fly from Moose Jaw to Toronto to attend these banquets. The only reason they do not attend is that their wives prepare much better food; they cannot tolerate either the food or the speeches.

Let us take a look at machinery purchases. The government's argument is that the provision of benefits for machinery purchased will create jobs. I do not think the government will find many economists on its side. There is no evidence to support the idea that stimulation in respect of capital equipment will provide more jobs. It may improve profits and productivity. We will not quarrel about that. But it will not provide more jobs, particularly when we realize that more than half the machinery purchased for use in Canada does not come from Canadian sources but rather from sources outside Canada. Of course, the government is talking about correcting that situation.

There is no evidence that there is unused plant capacity. The factories in Canada are not so burdened with work that their machinery is overworked and is getting so hot that it is necessary to retool. Quite the contrary. There is a hardly a member of this House who cannot give an example of a plant closing down. In my riding, which is a highly industrialized riding, there is all kinds of plant capacity. The true effect of these plant purchases will be to increase corporate profits. The assumption the government is making is that if it gives its friends these goodies, they will be very responsible. The Minister of Finance loves the word "responsible" just as previous ministers have loved the word "confidence". There are things called corporations, markets and financial institutions, but there are no people. The government worries about the market because it says that is where confidence is needed. It says that you must stimulate corporations because that is what must be done. The people do not count. The minister has

not heard about creating demand. What we are saying is that equity, productivity and improving the gross national product are not contradictory but go hand in hand. If you give the ordinary person a tax reduction you give him confidence that his government is not robbing him in favour of somebody else, and you will do more to improve the economy than by improving the profits of a handful of corporations.

If we look at the machinery bit, we find it is not 50 per cent depreciation that some corporations will be able to take. It will be 50 per cent this year. Next year it will be 100 per cent, because next year they can take the 50 per cent depreciation to which they were entitled on the machinery purchased this year, plus the 50 per cent on the machinery purchased the next year. That is a pretty nice bonus. It is not as though this approach has not been attempted before. It is not as though there has not been this rapid write-off and accelerated depreciation before and with a similar lack of effect, except on profits. It is a remarkable philosophy which says the only way one can run the economy is to increase profits, because otherwise the whole economy would run down.

At the end of this year, the 3 per cent relief that was given on the personal income tax is to be removed. There is no evidence to suggest the government has any intention of continuing this relief in respect of personal taxes. On the other hand, the 7 per cent benefit that was given to corporations is being formally included by reducing the corporate rate to 40 per cent. It is even better than the 7 per cent, and we have a long-term commitment from the Minister of Finance that corporations will be receiving this for a very extended period. This, in fact, is the beginning of a totally new policy. One has to wonder whether this Minister of Finance is more concerned about looking after the people of Canada or more concerned about building up the power brokers at the next Liberal leadership convention through the direction of his budget. He will not go down the slippery slide of the former minister of finance, because the former minister of finance, despite some of my objections to his policies, occasionally broke through with something for the people. Occasionally, he made a speech in which he said he had something for the people. But the present minister will not permit himself to fall into that kind of trap. They say that the Ministry of Finance spells the end of all leadership hopes. The minister has managed to surmount all kinds of obstacles and he may go down in history as the first minister of finance who managed to hold that office and, at the same time, to please the right people.

• (1650)

In my riding, the textile industry is important, and it is hard pressed. According to the local paper, the first reaction of the people in the textile industry to the budget was favourable. They really think that the Minister of Finance is doing something good for them. I hope they are right but I do not think so because there is a "Catch 22" in that budget when it comes to textiles. The tariff for textile goods coming from Great Britain is being raised. The preferential treatment that we have given on textiles is being extended, and therefore it looks as though this measure will be of some assistance to manufacturers in Canada.

[Mr. Saltsman.]

The minister has brought in another good measure. He is removing all the tariffs for the underdeveloped or developing countries. He will let manufactured goods from developing countries come into Canada. But he has included some protection. He allows the manufactured goods to come in so long as they do not disrupt the Canadian market, or words to that effect. What will happen? First of all, those people who are being excluded by the tariff will move to the developing countries where they will be welcomed. Meanwhile, the Canadian industry will be encouraged to expand and to say that happy days are here now, the Liberals are finally doing something for them. But then, they will find themselves right back in the same box in which they have been until now. There will be the same pressures from manufacturers to exclude the goods, and we will have gained nothing. It is a juggling, a fooling of everyone; it is not a policy, and it will turn out to be a cruel joke that the Minister of Finance has played on everyone.

We are also going to pay in another way because the cost of all public financing in Canada will rise sky high. As Corporation profits increase because of these tax measures, the price of equities will rise. It will be more profitable for people to hold equities rather than bonds. This will mean that bonds will have to compete at a different level. Higher interest rates will have to be given for fixed securities, for bonds and mortgages. There will be an increase in the cost of government financing of all kinds, municipal, provincial, federal and housing because the minister has increased the profitability of corporations. All of us will pay for it because all of us use these services to some extent.

One of the greatest problems facing every Canadian is the growing amount of municipal tax that has to be paid. As a result of this bonanza that the minister is handing out, this gift to the corporations which sounds so great now, the minister will make the job of financing everything outside the corporations in Canada virtually impossible, and the chief beneficiaries will be the American subsidiaries in Canada. The minister has consolidated the position of the American subsidiaries in this country. The foreign ownership policy has strengthened foreign-owned corporations, and they are the ones that will get the main benefit from the tax relief being offered and from the concessions that the government is giving.

I wish I had more time because there are so many things to criticize in this budget. I have only started to mention all the bad things that can be said about what the Minister of Finance has done. As the days go by, the bad things will become more and more obvious, as I think they are becoming more obvious.

Before my time runs out, I should like to move the following subamendment:

That the amendment be amended by changing the period at the end thereof to a comma, and by adding immediately thereafter the following words: "it being the view of this House that a substantial reduction in personal income tax on low and middle incomes should replace the tax cuts and other handouts to corporations."

Mr. Deputy Speaker: Hon. members have heard the amendment which is now before the House.

[*Translation*]

Mr. Réal Caouette (Témiscamingue): Mr. Speaker, an amendment and a subamendment to the budget brought down Monday night by the Minister of Finance (Mr. Turner) are now before the House.

The amendment simply states, and I quote:

While acknowledging certain beneficial provisions in the budget proposals,—

—no doubt a reference to the increased old age pensions—

—this House regrets the failure of the government to bring forth effective measures to relieve unemployment, to provide incentive for Canadian investment in Canadian development or to propose personal tax relief for stimulation of the economy.

And the subamendment states that this House believes that a substantial reduction in personal income tax on low and middle incomes should replace the tax cuts and other handouts to corporations.

I think three main points stand out in the budget: First, old age pensions are increased from $135 to $150 a month for single people and to $285 a month for married couples. Secondly, help is given to students, who are granted monthly deductions of $50 to further their studies. Thirdly, corporations are helped by getting tax cuts, tax concessions or incentives in the amount of $500 million, in order to stimulate the Canadian economy.

• (1700)

First of all, Mr. Speaker, I shall deal with the matter of senior citizens. In 1970, more precisely on May 4, the following motion was introduced in the House by the hon. member for Winnipeg North Centre (Mr. Knowles):

That this House calls upon the government to give consideration to an immediate and substantial increase in the basic amount of the old age security pension and in veterans' pensions and allowances, and this House also urges that still further steps be taken to improve the quality of life of all our older and retired people.

That motion was introduced on May 4 and, on the occasion of the debate on the proposal, I said, as recorded at page 6536 of *Hansard,* and I quote:

Why not pay $150 pensions to old people? I remember that in 1962, when the old age security pension was $65 a month and that my colleagues and I called for it to be raised to $100, we were literally told that we were crazy, that we were asking for the moon.

Now, in 1970, the same pension has reached $111.41 a month. This means that the government is crazier then we were then by $11.41 a month.

The question remains the same: Where will the money come from? When it was decided to increase the pension of hon. members, did anyone ask where would the money come from? Nobody did. The raise was approved. It was like an electronic system—so smoothly it went through.

And on page 6538 of *Hansard,* one can read the following:

Mr. Speaker, all this to say that the motion as drafted is very much acceptable. We support its intent because all the people and groups mentioned in the motion interest us to the utmost.

For many years now, we have been asking for $150 per month for old age pensions.

Now, on the same day, that motion was put to a vote and it is surprising to see to what extent an opinion can evolve over a period of two years. At that time, nine of my colleagues and I voted for increasing the old age security pension. We supported the motion of the hon. member for Winnipeg North Centre. Among those who voted against it, I see the names of the Minister of Regional Economic Expansion (Mr. Marchand), of the Prime Minister (Mr. Trudeau) and of the Minister of Finance (Mr. Turner). All three voted against the motion because it was allegedly impossible to raise the pensions. Why has it now become possible, with a larger number of unemployed and an economy more unstable than ever?

Mr. Marchand (Langelier): That is not true.

Mr. Caouette: How is it that we were ridiculed in 1970, whereas, today, the government is introducing this very legislation?

Mr. Marchand (Langelier): He will say anything.

Mr. Caouette: Mr. Speaker, we intend to support this measure. I already said so yesterday in no uncertain terms. This is why I remarked on the night of the budget speech that I had never seen a government prove us so right, we Créditistes who for 30 years have been asking for a better deal for senior citizens as well as for all classes of society.

Mr. Speaker, in his budget speech, the minister forgot to speak of the increase in the national debt. He did not say that it amounted to $16,943 million as at March 31, 1970, to $17,360 million by March 31, 1971 and to $17,922 million by March 31, 1972.

Nor did he say that the interest on our debt in 1970-71 was $1,880,000,000; in 1971-72, $2,030,000,000 and it will be $2,260,000,000 in 1972-73.

I hope that members of the press gallery will mention this: $2,260,000,000 which represent $6,191,100 per day in interest alone on the national debt.

The hon. Minister of Regional Economic Expansion nods to me that we must pay it. We have to.

When his illustrious colleague, the hon. Secretary of State (Mr. Pelletier) is asked whether he can spare a few dollars for the Opportunities for Youth program, he replies to our young people: "It is too bad, we have already received 19,000 projects". He sends that same letter all the time. I quote:

I regret to advise you that your project cannot be subsidized this year. The 1972 Opportunities for Youth program created a tremendous interest and more than 19,000 projects were submitted to us. Budget limitations—

For the interest on the national debt, there is no budgetary limit. We must pay. I keep on quoting:

Budget limitations unfortunately compelled us to make a choice out of the thousands of applications that met with the program's general eligibility criteria.

We cannot even find out what those general criteria are. We ask the minister what they are and he answers: I don't know, my departmental officers know it. But he is the one who signs the letter, not some civil servant.

I quote once more:

Therefore after carefully studying all applications, we had to turn down projects of undoubtable value and interest.

I wish to thank you and your friends—

How nice! Just in case the election should suddenly be called. Back to the quotation:

—for your efforts in drawing up your project and for your interest in the program.

Yours sincerely,

Gérard Pelletier

Mr. Turner (Ottawa-Carleton): Lovely.

Mr. Marchand (Langelier): What a lovely letter; not a single mistake.

Mr. Caouette: Mr. Speaker, it is an excellent piece of rhetoric. Very nice, and in good French. But when you ask young people to present projects, why not tell them: Now listen; we cannot accept your project because we think there is discrimination with regard to the ridings. When the ridings are Liberal, we are a bit more generous. But they are not all Liberal.

Mr. Speaker, a project was submitted by a group of young people from Guérin, in my constituency. I am going to read a letter dated May 7 which they addressed to Opportunities for Youth:

To whom it may concern:

We have been advised that projects 281-5746 and 281-4937 have been refused.

As we live in a marginal parish, we prepared two projects related to tourism, while emphasizing the development aspect and the participation of everybody.

Since we feel we gave adequate answers to the questions asked, we cannot understand why the said projects have been refused.

We wish to know what the criteria for assessment are.

Those young people are not stupid! They know what they want, and their projects were serious and worthwhile. These projects were not those of social agitators, of communists or socialists. The letter went on:

We wish to know what the criteria for assessment are, and we request that these two projects be reassessed.

We would like to point out that the projects involve seven post-secondary students.

Hoping to receive a favourable reply, we thank you in anticipation,

Yours sincerely,

Opportunities for Youth,
Bernard Bois,

Guérin, Témiscamingue County

• (1710)

I have before me another one originating from Saint-Lambert Desmeloizes, in the Abitibi riding, and another from Malartic in the Villeneuve riding. Three people have signed the letter from the Abitibi riding, which indicates that young people are fairly concerned about this matter. At least they got an acknowledgement of receipt following the submission of their project; but the letter is more interesting than that and I quote:

This is a little story about two student groups of our parish and their experience with the Opportunities for Youth program.

We were informed, at the end of February, that graduating secondary students would be allowed to submit projects within the Opportunities for Youth program and that someone would call at the school to explain to them how to get organized—

This is about a government official who was to detail and specify the criteria. I proceed with my quotation:

Their project should reach Ottawa at the beginning of March. We had, therefore, some ten days ahead of us to think, organize and find a project which would meet the "general criteria", (very, very general ones).

The official in question who was supposed to give the necessary information was not immediately available—Time went by. One meeting after another was held, in the evening, in the parish church to set up a project as best as we could: There were no means of obtaining precise information and we were left to our hopes!

We received an "acknowledgement of receipt". That was something, at least!

A couple of months later, we received a nice letter informing us that the project meets the criteria—But that there were too many projects.

That was exactly the same letter I read earlier concerning another project.

No money—

And I proceed with my quotation:

that the project meets the criteria—But that there were too many projects. Ours were both rejected.

Two projects in one parish and none is accepted. I proceed:

Why? Was the choice made at random. Was there any reluctance to invest in our region? We should have been forwarned—

Were the projects not of the kind to be subsidized this year? Who could advise us? A matter of luck? We do not believe that anymore!

Should have we been told some secrets? We are far from Ottawa. We do not know any of your officials—

There would be many other questions which we would like to ask you, Sir.

It should be noted that the letter was sent to the Secretary of State. I continue to quote:

The same applies to LIP. We are promised the moon and stars and then nothing happens. Then some people will say that the young people have no interest whatsoever ... that they want everything ready-made ... that they do not know how to commit themselves, ... that they are pessimistic, passive, etc.

After so many deceptions, it is evident that they become passive.

The letter is signed by Louise Fluet, Johanne St-Georges and Mario Laroche: one is animator in the parish and the others are responsible for the program.

Mr. Speaker, I shall not read the other letter coming from Malartic. It says the same thing—a well presented project, which represents an expenditure of about $12,700 and could provide jobs for 17 people. Messrs. Gaétan Boulanger and Bernard Dubé, from Malartic, were responsible for it. The project number was 282-1970.

Mr. Speaker, I reviewed this project this morning, and I realized that it was very well thought-out. It is a good and necessary thing for the city of Malartic. Now, the minister continues to give the same answer: "I regret to inform you that your project will not be subsidized this year." No doubt that it could not be subsidized last year, since it had not been introduced.

Therefore, I must say that as a result of a lack of funds, thousands of projects are refused, and I say to the Minister of Finance that if a world war were to break out tomorrow morning, all young people would be enlisted in the armed forces. Then the necessary funds would be available to pay them, to clothe them, to feed them and provide them with suitable accommodation. I consider the government as being responsible for the disillusionment of the youth, which is completely disgusted by the public administration.

So, I am plainly telling this government that what the old parties have been able to achieve in wartime, the Créditistes undertake to do it in peacetime, that is to enable people to live decently in law and order.

Let no one tell me that there are not enough funds to assist our young people in creating or building something, when in wartime we find all that is required, nothing is lacking.

Mr. Speaker, we complain that youth is rebelling. We do not even allow them to participate in society and then we are surprised to find out that young people take up the cudgel against anything and want to destroy our Canadian society.

Instead of blaming the young who have their backs to the wall, let us condemn the financial system administered by the Minister of Finance. This is where the trouble lies.

To help the young, impossible! To pay $6,191,000 a day in interest only on the national debt, forget about it. The minister did not criticize that in his speech. He simply said: We shall help the aged. We agree. We have been in this House for ten years. Personally, I have been a member for ten years. I have constantly asked for better pensions for the aged. They are given $150, we ask for $200, but we shall nevertheless vote in favour of the government proposal.

We would have liked to see pensions granted from age 60, instead of 65; when the minister reaches 60, he will find that he can no longer find any work. He will no longer be in Parliament then and he will not be able to find a job. So, he would be happy to have the old age security pension. He should have thought about this when he prepared his budget. He should have announced pensions for people of 60 or over as well as for their spouses.

This afternoon I directed a question to the minister about pensions, because, last night, I was stunned to see on television the Quebec Social Affairs Minister about to faint because the federal government was granting increases in pensions. That would disrupt his comprehensive system, which he never produces. He blames Ottawa for giving something to Quebec's senior citizens. I fail to understand the stance of Quebec's Minister of Social Affairs. I have been told that by this time he may have turned in his resignation because Ottawa is considerably damaging the Quebec plan. I don't see what damage can be done if Quebec is not contributing a penny to this increase.

However, these increases still create problems on the provincial level. This morning I received a letter from a mother who is on welfare and supporting, alone, ten children, ranging from 20 to 2 years of age. She receives welfare benefits of $232 and she is wondering how they can pay $285 to a senior citizen and his wife. And justifiably so! She has no objection to old people receiving $285—not at all—but she is asking me to find out from the government how it could support 10 children and their mother on $232 a month. These are welfare benefits to which the federal government contributes 50 per cent and which are administered by Quebec—according to Quebec criteria.

René Lévesque could not improve on the minister.

Mr. Speaker, that mother is right. What reply did she get when she applied for an increase in her welfare payments? The public servant employed by Quebec told her: "Madam, the criteria prevent us from increasing your benefits. Go out and work to increase your income". If she did go to work, she would lose her whole allowance, or part of it.

• (1720)

However, there is another solution. They told her: If you cannot make both ends meet, if you cannot maintain your children, hand them over to us and we shall look after them. In such a case, the government would be willing to pay $800 a month or $80 per month per child placed in a foster home. They would break up the family by taking the mother out of her house and by taking her children away from her. The department is willing to pay. If the minister does not believe me, I could bring him to the welfare office in Hull tomorrow morning; I could have him see for himself whether this is true or not. They grant $80 per month for each child placed in a foster home by welfare offices. The Minister of Regional Economic Expansion knows that this is true.

So, why should we put up with such a situation? Why, Mr. Speaker, must we inflict such troubles to mothers, as I pointed out earlier today? If a man receives a pension of $150 and his wife is under 65, she is not entitled to a pension. If both are 65, they will receive $285. If the mother is 58, 59 or 60, she will probably apply to the welfare office to get $30 or $40 a month—

An hon. Member: $25.

Mr. Caouette: —$25 or $30. Let us say $40 and be generous with the government. Forty dollars plus $135 make $175. If the wife is 65, then she will be granted $285 instead of $175, that is, $110 more, as if a person who is 65 ate more than she did at 58, 59 or 60.

That is not all. As the Minister of National Health and Welfare (Mr. Munro) told me at noon today, as soon as the pension increase is passed by this House, the Quebec Social Affairs Department will reduce the pension paid to the mother who is not yet 65. She receives $40—

Mr. Ouellet: He never said that.

Mr. Caouette: He added: "I hope not". But we know that this has always happened in Quebec. If the hon. member for Papineau (Mr. Ouellet) says the opposite in Quebec, he will lie to the people. I know how things go because I am aware of it. The hon. member for Papineau takes pleasure

in disparaging the Social Credit in Quebec. Let him meet me on the hustings and I will fix him in public.

Mr. Ouellet: Any time.

An hon. Member: He is going to bust his balloon.

Mr. Caouette: Mr. Speaker, I have burst a lot of balloons in my days.

People are being told shameful lies and the Creditistes are accused of talking nonsense and of proposing senseless programs. The hon. member for Papineau thought it was funny when we asked for $150 a month. Who would have voted against that? Now, he is saying: the Liberals gave you $150. But it took the Creditistes to kick the government in the right place.

Mr. Speaker, we are asking for the adjustment of the financial system in Canada. That is where the trouble is. I know that the government members are human. Both the government and the hon. member for Papineau know that the financial system is the sore spot. That is why there is no reference to it in the budget, that is, it is being changed for the benefit of big business which is getting more incentives and tax concessions under the pretext that more jobs will be created.

Here is a good one. We will see how good the minister is. Let us look at the blatant inconsistencies among the government people. The Liberals agree with one another. Here is what the Minister of Finance said in his budget speech on May 8, and I quote:

> Mr. Speaker, my first words to this House as Minister of Finance last February were that my most urgent priority was jobs. This remains my first priority. The main thrust of this budget is to deal with this problem; to buttress the Canadian economy—to provide incentives for Canadian industry to grow and compete and provide jobs.

This is what the minister said. The objective is to create jobs. All the new industries are happy. Everything is clear: they will make more profits without increasing their sales, because the consumers don't have the money to buy the finished products.

Mr. Speaker, on March 10, 1972, the Finance Minister's chief, the Prime Minister, stated in Victoriaville, and I quote:

> "Man's most sacred task is to develop his talents, and that objective is not necessarily fulfilled through work, because we are moving more and more toward a society of leisure," stated the Prime Minister of Canada before some 500 people in Victoriaville on Friday, March 10.

One says: My main objective is to create jobs. The Prime Minister says: one must not believe that, it is self fulfillment that matters.

It seems we should organize leisure instead of creating jobs. If he thinks of creating jobs through further subsidies to large companies, the minister will not reach his objective. At the present time, those corporations are faced with overproduction in all Canadian economic fields.

The Acting Speaker (Mr. Boulanger): Order. It is my duty to tell the hon. member that the time allotted to him has expired.

[Mr. Caouette.]

To proceed, the hon. member must obtain the unanimous consent of the House. Is that consent given?

Some hon. Members: Agreed.

The Acting Speaker (Mr. Boulanger): The hon. member for Témiscamingue.

Mr. Béchard: Provided it is new.

Mr. Caouette: Mr. Speaker, I hear the hon. member for Bonaventure-Îles de la Madeleine say: "Provided it is new." I feel that what I have just said is rather new. Anyhow, I thank my colleagues for their kindness and I will do my best not to abuse their generosity.

To get back to the conflicting statements made by the Prime Minister and the Minister of Finance in the space of two months. The former said: We must organize leisure, and the latter: We must create jobs. So, the Canadian taxpayers are wondering who is right and who lied.

Who is on the right track? I agree 100 per cent with what the Prime Minister said in Victoriaville because that is what we have been saying for the past 30 years. More and more, through the use of new techniques, workers are going to be replaced by machines. Then, we will have to organize activities and provide the people with a higher purchasing power so that they can buy the products of machinery.

• (1730)

Mr. Speaker—and again I say what I have been saying for a long time—the problem in Canada is not one of production. Even if car dealers were paid grants—I sell Chrysler products myself—they could not possibly sell every last unit. The same applies in all sectors: clothes, food, grain. During a recent visit out west I noticed four-year old crops in warehouses but no buyers. The Minister of Trade and Commerce (Mr. Pepin) is well aware of it.

In eastern Canada there are too many apples, too much milk, too much wood, too much of all kinds of things. In the Maritimes there is too much fish.

In British Columbia there is too much fish as well as too much wood and fruit.

In Alberta there is too much oil.

Recently that province's premier came to Ottawa in the hope of finding new customers.

Mr. Speaker, even if industries are subsidized, how will that increase the purchasing power of the Canadian taxpayers? It won't. That is why we claim there is obviously not much difference between what the government now proposes, for instance, for big business, and what the Creditistes have been suggesting for a long time. The big companies will make additional profits, but the little people, the average citizen, the ratepayer will still pay for the minister's budget. The minister did not say, in his budget speech, that the government expects to collect an additional $1,125 million more in income tax from the private citizens than in 1971-72.

The so-called gift of $500 million the government will give industry and that of $425 million to the veterans together amount to $925 million. This means that the

government will distribute $925 million more but that it will take $1,125 million more from the taxpayers. Older people are going to get something!

Last year, 1,300,000 Canadians were looking for summer jobs. This year, it has just been announced that 1,400,000 young people will look for summer employment. It is assumed that 400,000 of them will find something, but this means that 1 million will not find employment. What are we going to do? What benefit will these unemployed young people get from this budget? They will be able to deduct $50 per month from their income, but they won't earn a cent. The minister should start by paying them these $50 so that they can pay them back later.

Mr. Béchard: You should read the budget statement in full.

Mr. Caouette: The hon. member for Bonaventure-Îles de la Madeleine (Mr. Béchard) suggests that I read the budget statement. But with $50 a month deductible, or $600 a year, if the young person earns nothing, how is he going to pay?

Mr. Béchard: Read a little further!

Mr. Caouette: There is nothing in the budget which says that the governemnt is going to assist students, absolutely nothing.

I have duly established my allegations. I have just read three letters from the Secretary of State. We have no money! Out of the 19,000 projects, only 700 or 800 will be accepted. There you have it.

Mr. Béchard: There were none before.

Mr. Caouette: Let the hon. member for Bonaventure-Îles de la Madeleine go and explain that to his constituents to find out whether they will believe him.

Mr. Béchard: I already did.

Mr. Caouette: The party in power grants us a basic annual exemption of $1,500—approximately $30 a week. For a married couple, $2,850 a year represent $55 a week. The old age security pension, together with the guaranteed income supplement, come to a total of $150 per month.

What the hon. members of the Social Credit party suggest—something which should have been granted a long time ago—are basic income tax exemptions of $2,500 for single people and $5,000 for married couples.

What we also suggest in order to boost the purchasing power of the public so that the industries and the large corporations may sell their products is to grant a discount on the retail price, a discount compensated by the federal government to the industry.

If on a purchase of $1,000 the government were to allow a 20 per cent discount, the cost would be $800 instead of $1,000 and the consumer's purchasing power would be increased with no effect on the cost price of goods. This would bring retail prices down and the government would compensate retailers for the discount granted to the consumer. Because of this greater purchasing power, obviously industry would sell its products.

Increased buying power would obviously foster sale of products. With industry selling its products, obviously there would be new jobs created, new machines, new techniques used, etc. That is sheer common sense! It would be logical to finance production through consumption. But instead of that, we keep on supporting production and ignoring consumers. They are not organized to benefit by an increase in their buying power.

Failing distribution of dividends, prices should be brought down, with the government giving a discount to retailers.

Furthermore, we want to change the present welfare system throughout Canada. I discussed this in the West and in the East, saying the same everywhere. Welfare, as now operated, is an encouragement to sloth and fraud. Some people receive welfare benefits and do not deserve them while others, badly needing them, get none. Laziness and fraud are being encouraged. People are being told: Stay home, don't move. Should you work at all, you will lose your benefits. That is how fraud is being encouraged.

Recently, a Montreal mother was arrested for having received during the previous year over $12,000 in welfare benefits. She had registered her family at all welfare offices in Montreal and was drawing a cheque from each of those offices. At the end of the year, I believe the amount was $12,678.

Mr. Béchard: There is no spiritual director for the city of Montreal.

Mr. Caouette: I will send the hon. member for Bonaventure-Îles de la Madelaine as a spiritual director to the city of Montreal, because one is badly needed there.

Mr. Speaker, we believe the whole welfare system should be replaced by a social security program including basic exemptions as far as personal income tax is concerned as well as economic security benefits to everybody. As for young people of 18 or over, including the students who are sending projects to the government, instead of having them cut branches along highways or maintaining them I don't know how, they should be guaranteed a yearly income to enable them at least to go back to school when courses will resume in September or October.

We call for a $1,200 grant per year for any citizen of 18 or more and $250 per year for those under 18. In the case of children, an amount of $250 per year represents a little more than $20 per month. Married people should also get a guaranteed yearly income of $2,500, not an income granted only if they do not work, but an additional income to the one they can earn.

People with a $3,000 or $5,000 income will receive in addition $2,000, $3,000 or $3,500. Apart from encouraging people to work, this will promote honesty, because people will know that they do not have to hide in a bedroom or elsewhere to work, so as not to be caught and lose their welfare benefits. Therefore, this would encourage people to be honest and to work. Nobody will ever refuse to earn something if they are encouraged to do so.

Mr. Speaker, instead of 600,000 unemployed people in Canada, we probably would have only 100,000 of them, or less than 50,000. These people would be working and

producing something. They would contribute to the upswing of the economy.

On reaching the age of 60, not 65, there ought to be payments of $200 monthly to pensioners and to their spouses as well, even if the latter are only 60. Instead of receiving $285 an old couple should be getting $350, that is $65 more than is paid at present by the government. This should be paid as soon as age 60 is reached.

Everybody knows, including hon. members and the ministers—especially the Minister of Finance—that people aged 60 as well as mothers of 57 or 58 should not be allowed to work. Not being as old as their husbands who are 65, these women are not eligible for anything. In the Parliament Buildings there are working women aged 55 or 57. In order to make a living, they have to wash windows and scrub floors at night in a country as rich as Canada. This is unacceptable and the Creditistes certainly do not approve of this way of serving Canadians.

Mr. Speaker, those were the remarks I wanted to make on the budget which was presented on Monday by the hon. Minister of Finance. What is the purpose of the amendments and sub-amendments? To ask for jobs. I say that, in Canada, the problem does not consist only in the creation of jobs, but in the establishment of security, independently from employment.

When I hear labour leaders speak of job security, I submit that Canadians are not concerned about job security, but about pay security. The solution lies in having the purchasing power to buy the available goods and services. Whether we recognize it or not is immaterial. There is something I mentioned at the beginning of my speech, namely that $150 was unacceptable two years ago. Today, not only does the government accept it, but it introduces legislation to this effect. And all parties have unanimously recognized its necessity.

When we were asking for higher pensions at the time the Progressive Conservatives were in power, we had the same reaction—it was impossible. Today, we have seen them vote, to a man, in favour of the pension. As for NDP members, they have long been insisting on increased pensions. Almost every day, I hear the hon. member for Winnipeg North Centre speak of veterans, of retired CN and CP employees and of all other pensioners whose benefits should be increased. He is right. Since the cost of living is going up, we should agree to increase these people's income. But do not always grab from those who own something to give those who have nothing because the end result will be that nobody will be poor, but nobody will be rich either. That is exactly what would happen.

As has been the case in various countries I have visited, people have said: Let us eliminate the big ones. Today, people in Quebec say: Let us go for large industries, let us smother them into oblivion. Once they have disappeared, we will be better off. But go out and see what happened in the countries where this has been done. Large industry has disappeared followed by the smaller. And the small one who did not have any large industry is controlled by a government which says: Power to the people.

Power to the people? You can forget about that! Power is in the hands of a few kooks who forcibly lead the people. This is exactly what is advocated at the present time, if we are to believe some Quebec labour leaders.

Mr. Speaker—

An hon. Member: Sometimes he shows some common sense.

Mr. Caouette: The Liberal members know that I always have common sense—

An hon. Member: It is true!

An hon. Member: Oh no, not always!

Mr. Caouette: We all deplore what is happening in Quebec, but we must not forget that exactly the same things occurred 55 years ago in Russia. Unrest in Russia began with strikes, with labour leaders challenging the law, the rules, the authorities and saying to the union members: "Pay no heed!" Then the bloodshed began. This is exactly what happened in Sept-Îles last night. It was such a beautiful thing to behold: Canadians who are tearing at one another, saying: "Power to the people!"

And when these leaders take over—because it is never the people who assume power—the first thing they do is to control the courts. Castro, in Cuba, first took control of the courts, and 2,000 or 3,000 people were shot. That is their first reaction.

This is why I say that if people like Chartrand, Pepin, Laberge and Charbonneau tried in Russia, Czechoslovakia or Cuba what they have done here, within 24 hours they would be facing the firing squad!

That is the kind of system that they would give to our workers, farmers, people of Quebec and other Canadians! As for myself, I say to Canadians: Citizens of the silent majority, be a little more conscious!

We must open our eyes before it is too late. We must start by making people respect the order of justice, not that of injustice. Straight jackets in a system like ours are precisely what causes people to rebel. Let us improve the system rather than destroy it. It has been destroyed in other countries without result. On the contrary, things there are worse than they were.

If we compare farming in the USSR or in Czechoslovakia with farming based on personal initiative, we see a whole world of difference. Are we going to allow ourselves to be destroyed from within our country, as has happened in Cuba? When I hear Chartrand say: The only thing Cuba lacks is American toilet paper—I maintain it lacks something else. According to him, justice, judges, members of parliament, governments, nothing or nobody is any good any longer. Those people defy the law. Let them go and try to defy the law in the USSR or Czechoslovakia and see what happens. They would like to get hold of power for themselves, not for the working class.

Let us compare Canada with the USSR: here, the working week is 37, 38, 40, or in some cases, 42 hours. In the USSR, it has been 46 hours for the past 55 years. In Czechoslovakia, it has been 46 hours as well for the past 30 years.

In Czechoslovakia, three years ago students attempted to recover their freedom. Their rising was crushed with

Soviet tanks. They are no longer allowed to recover their freedom.

Mr. Speaker, I warn not only parliament but the Canadian people against this. If some day we lose our freedom, we will never be able to recover it. We will be treated in exactly the same manner as the individual is treated in communist or socialist countries.

In my opinion, it is to the interest of the Canadian legislator to take a stand and to act with the aim of serving the best interests of the human being. We must move ahead, pass laws, introduce budgets, not only budgets which are generous when wars, killings and revolutions are involved, but generous budgets conceived in time of peace to preserve justice, law and order.

In this manner, we could achieve economic stability and personal freedom.

• (1740)

[*English*]

PROCEEDINGS ON ADJOURNMENT MOTION

SUBJECT MATTER OF QUESTIONS TO BE DEBATED

Mr. Speaker: Before I call on the minister, it is my duty to bring to the attention of the House that the following matters will be considered at the time of adjournment tonight: the hon. member for Dartmouth-Halifax East (Mr. Forrestall)—National Defence; the hon. member for Fraser Valley West (Mr. Rose)—Housing; the hon. member for Athabasca (Mr. Yewchuk)—Grain.

GOVERNMENT ORDERS

THE BUDGET

FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

The House resumed consideration of the motion of Hon. John N. Turner (Minister of Finance) that this House approves in general the budgetary policy of the government, the amendment thereto of Mr. Lambert (Edmonton West) and the amendment to the amendment of Mr. Saltsman.

[*Translation*]

Hon. Jean-Luc Pepin (Minister of Industry, Trade and Commerce): Mr. Speaker, I did listen with great interest to the speeches that were made this afternoon, but before going any further, I want to say how much the remarks of the hon. member for Waterloo (Mr. Saltsman) astonished me.

Let me tell you, because I don't want him to be judged solely on some comments he made this afternoon, that, in private, he is usually quite humble and even very kind. And this is contrary to the impression he sometimes gives to the House, where he assumes the role of a Moses, entrusted with the safekeeping of the Tables of the Law.

As far as I am concerned, I don't mind being told that I am not very clever, but to be told that I am in the pay of business, any business, that, Mr. Speaker, does not go down very well. In my opinion, the remarks made this afternoon by the hon. member were rather uncalled for. I wanted to say it before carrying on with my comments.

Mr. Speaker, if I had not committed myself to report to the House on the price of cars and on the DISC program, I would have had the time to describe how important the manufacturing sector is to our economy, to our rate of employment and mainly to the increase of our exports. Perhaps the House is aware that 75 per cent of Canadian exports originate in the sector which the Minister of Finance (Mr. Turner) saw fit in his wisdom—and I quite agree with him—to grant special consideration in his financial statement.

I could also have explained further why the Minister of Finance has decided to help this particular sector, the reasons being, among others, tied in with international trade. Most if not all of our important international competitors, all the major industrialized countries, have recently taken some measures to favour their manufacturing sector.

Mr. Speaker, some balance had to be re-established and the budget has done that, I think, in a way that was needed. Some people have not yet understood this. It seems to me that it is simple enough to understand, when we consider the changes that have taken place in the world of international trade, when we consider, for example, the support, that the European Community, Japan and very recently the United States—especially through the DISC program—and the governments of the industrialized countries give to their manufacturing sector. I for one feel that it would not have been rational not to do as much in Canada. We would have put ourselves in a position which would have brought great harm to us in the future.

All the people who say that nothing in this budget aims at increasing employment should be aware of the fact that the measures introduced by the Minister of Finance have consolidated and secured many positions presently existing in the sector of manufacturing. As far as I am concerned, I think that these measures will also have the effect of creating a good number of other jobs in the near future.

Mr. Speaker, if I had enough time—and I don't—I would have emphasized the contribution of this budget to the development of an industrial strategy which better meets the needs of the 70's. This budget brings a solution to a certain amount of problems which have been put forward very often by some industrial sectors whose leaders explained to us the very particular difficulties they had to cope with.

I believe as well that the budget will pave the way for a number of projects which had been shelved, delayed or considered as unfeasible at this time, very often as a result of the level of taxation which prevails in Canada.

A number of people suggested, this afternoon in particular, that tax reductions should have favoured personal rather than corporate income tax. Mr. Speaker, I ask them to think it over, for the consumer demand is already

strong in Canada; on the other hand, imports are also increasing at a very rapid pace in this country; by the way, during the first quarter of 1972, there was a 22 per cent increase.

A tremendous reduction in personal income tax would have above all contributed to boost imports. It was really necessary to put the producers themselves in a competitive position enabling them to compete with these imports. Of course, we have a right to do it. Second, it was imperative that they be able to compete on international markets, in the area of manufactured goods.

Mr. Speaker, I will now speak about the two reports, as promised. They are difficult reports. Therefore, I will refer quite often to the notes before me, which I do not usually do, and I ask you to excuse me beforehand. I regret having to do so. I would rather talk as easily as the hon. member for Témiscamingue and leader of the Ralliement créditiste (Mr. Caouette), who does not have to refer to very precise notes.

• (1750)

[*English*]

Mr. Speaker, I undertook last week to make a statement on DISC in the course of this debate. As the House knows, the government has been concerned that the introduction by the United States of the Domestic International Sales Corporation scheme might adversely affect the level of production, employment and investment in Canada, especially if a large proportion of U.S. companies with manufacturing facilities in Canada, exporting to this country or competing with Canadian goods in foreign markets were to take full advantage of this legislation.

DISC's effects are not, as everybody knows, confined to Canada. Canada is, however, highly dependent on exports, especially to the United States, and on imports from that country as well. We are also important users of U.S. investment. Canada is, therefore, uniquely vulnerable to any United States measures which might affect our trade or investment patterns. This is a fact.

The government has, therefore, been consulting since the DISC legislation was passed with Canadian companies likely to be affected and has, of course, been following developments very closely in Washington. We have given a great deal of consideration to the kind of policies which might become necessary if the DISC scheme became a serious threat to Canadian production and investment. Some people will ask why it takes us so much time to assess the situation. I think the reasons are pretty good. First, United States companies have been relatively slow in registering their intent to set up DISCs. Fewer than 1,500 firms are reported to have elected DISC status, out of some 25,000 U.S. companies now engaged in exporting and 500,000 with some export potential. Registration by March 31 did, however, qualify a corporation for tax deferral privileges retroactive to the beginning of this year and a company can still register a DISC at any time and qualify from the date of registration. What I am saying is that companies can come later and request DISC status, but the number that have already done so is limited in relation to the number of U.S. companies involved in exports.

[Mr. Pepin.]

Secondly, Canadian firms consulted do not yet know precisely how the DISC scheme may affect them. This is partly because the U.S. treasury department has not yet defined the full dimensions of this scheme, and also because many U.S. corporations have not apparently decided how and for what exports, if any, they will use their DISCs. So it is difficult for the government to be informed ahead of events. It is difficult to know what are the intentions of the companies before they have made decisions themselves as to their intentions.

Mr. Stanfield: I did not know the Liberal government was so modest.

Mr. Pepin: Mr. Speaker, I am not establishing a contrast this afternoon between the hon. gentleman and myself—we are both humble and, as was said about Attlee, for such good reasons. I am establishing a contrast between myself and the hon. member for Waterloo (Mr. Saltsman). I for one am quite willing to accept the idea today, yesterday and for the future that I do not have a monopoly on truth.

Some hon. Members: Hear, hear!

Mr. Pepin: I undertook to report particularly on my consultations with the major motor vehicle manufacturers regarding the use of DISC. My report is that of the four producers that were consulted, Ford of Canada confirmed that a division of the U.S. parent has been registered as a DISC and is including shipments to Canada under the provision of the DISC program to enable the parent corporation to take advantage of the income tax deferral provisions. This will enable Ford, U.S.A., to reduce its tax obligations to the United States government. The company says that it does not anticipate that the use of the DISC by this parent corporation will have any short-term effect.

An hon. Member: Short-term, yes.

Mr. Pepin: I said "short-term effect", and this is underlined in red in my text. It is not anticipated that DISC will have any short-term effect on their operations in Canada and, therefore, no immediate shift to U.S. sources, with a consequent lower utilization of company facilities in Canada, is expected. DISC would affect the company's longer term investment plans in Canada. I put it the way it is.

Mr. Speaker: Order, please. I wonder whether this might be a good time to interrupt the minister, if there is ever a good time. I must bring to the attention of hon. members that it is six o'clock.

At six o'clock the House took recess.

AFTER RECESS

The House resumed at 8 p.m.

Mr. Pepin: Your Honour, when I was so sweetly interrupted by Mr. Speaker at six o'clock—as he said, if ever I can be interrupted—I was explaining the reason why the

information on the effect of the DISC program has been so slow in coming and remains inadequate. I was also reporting on the state of affairs in respect of the four major automobile companies in relation to DISC. I covered Ford and I now move to General Motors and Chrysler. These two companies in the United States have registered under DISC with the United States federal department, but so far have taken no decision to include shipments to Canada under the program.

• (2010)

Again, neither of these two companies expects that DISC will have any short-term effect on the level of production in Canada, although each was less certain that the benefits under DISC would not have a bearing on long-term investment plans for the industry in North America. American Motors have not registered under the DISC program nor, they say, have they any present plans to do so.

As hon. members are aware, the demand for motor vehicles this year is expected to be well ahead of last year. It is expected to be a record year. The Canadian companies report that sales in Canada are exceeding those of last year. As the market demand in the United States is also very strong, the level of our automotive trade, in both exports and imports, is expected to exceed that achieved last year. The growth in both markets is not expected to significantly alter the trade pattern that is being achieved this year between the two countries. So despite the differences we have had with the United States over the future shape of the automotive agreement, this arrangement continues to bring substantial benefits to both countries.

It is obvious that the budget which the government brought down on Monday has placed the automotive as well as other manufacturing and processing industries in a position to compete more effectively with producers abroad, including those countries which have adopted various tax measures directly to further their own exports without affecting their domestic position with respect to pricing or sales. We regard many of these measures, which are direct export subsidies, as being contrary to the principles and obligations of GATT and we have protested against them to the countries concerned. As my hon. friends know, a direct export subsidy is considered to be an unfair advantage.

The new budget provisions for fast depreciation on equipment, machinery and anti-pollution devices, as well as the lower corporate tax on manufacturing and processing, are not retaliation against the value-added tax systems, income tax holidays, tax deferrals on exports and other specific measures which have unfortunately proliferated in recent years. As the Minister of Finance (Mr. Turner) said on Monday, our new measures are designed to provide greater incentives for new investment in Canada and to strengthen the general ability of Canadian industry to compete with foreign manufacturers both here and abroad.

My hon. friends know that there is a difference between a direct subsidy and a general economic measure. Among their beneficial effects, these measures will put Canadian manufacturers and processors in general on an equal footing with producers in other countries. These measures will strengthen the ability of manufacturers in Canada to adjust to the challenges of enlarged European markets and other international developments and opportunities.

Despite the improved situation of Canadian business brought about by the revision of the corporate tax system, it may be that in special circumstances a Canadian producer may still feel at some disadvantage compared with his foreign counterpart, either in his competitive position or in his investment prospects. If this should come about, the government will consider any further steps which may be warranted.

The government is also looking at ways to obtain better identification of imports to Canada at prices which reflect export subsidies. Our objective in this regard will be to assess more accurately the impact on Canadian producers which subsidies may have, so that appropriate steps may be taken. The government is confident that the improved corporate tax system which the Minister of Finance placed before the House will enable Canadian manufacturers to hold their own in the increasingly competitive international market and play their part in the development of Canada.

My second short report is on the automotive price differential. I have consulted the same major Canadian automotive producers on this particular matter. The main purpose of the 1965 automotive products agreement was to expand production and employment and improve efficiency in the Canadian automotive industry. The government had the further intent, and the confidence, that the differential between car prices in Canada and those in the United States would be progressively reduced.

Production and employment in Canada have expanded dramatically since the agreement was signed in 1965. Efficiency has risen steadily and large investments have taken place in this country. Figures showing this great progress are public, and consequently I do not propose to repeat them tonight. They are available. The cost savings made possible by this rationalization were translated into a continuous decrease in the price differential until May, 1970, which is the date of the floating of the Canadian dollar.

May I briefly trace the progress which was made toward reducing the price gap under this agreement. In doing so—and this is a very complex exercise; I am not hiding the fact—I will use weighted average prices at the manufacturer's level, that is, f.o.b. factory excluding sales taxes. I am sure that at least one hon. member understands the meaning of these words, because we have gone over these things a number of times. So I repeat, they are weighted average prices at the manufacturer's level. "Weighted" means that in establishing figures we took into account the number of automobiles sold in each model of car.

Mr. Stanfield: It does not mean it is weighted to suit yourself?

Mr. Pepin: I did not understand the remark: I would like to hear it later. It is at the manufacturer's level that the automotive pact influences the costs of production and resultant prices. Because of sales tax differences at the dealer level, manufacturer's prices must be used if a meaningful comparison is to be made between Canadian

and U.S. car prices. In other words, I exclude taxes because obviously they are different here from what they are in the United States. A comparison which would not take into account this fact would not be useful.

I shall also be using Canadian dollars in comparing Canadian and United States prices, converting the latter into Canadian dollar terms to permit a direct comparison. As the exchange rate of our dollar averaged 92½ per cent of the U.S. dollar during most of the period since 1965, I shall first compare prices using this rate both at the beginning and the end of the period. I shall then make a second comparison using the present rate of exchange, which for practical purposes I have taken at par. The use of these uniform exchange rates avoids the distortions which would result from converting each year's prices at varying rates of exchange.

The following is the first comparison: In 1965, when the agreement was signed, the average weighted price differential between Canadian and U.S. cars was over 8 per cent at, I repeat, the 92.5 per cent rate. As the benefits of the agreement gradually bore fruit, the average price gap grew narrower until by 1970 the differential was down to 3.5 per cent. By 1971 it would have been 3 per cent, and for the current model year about 2 per cent, had the value of the Canadian dollar remained unchanged.

• (2020)

In May, 1970, the Canadian dollar was allowed to float, and since then has risen to the present near-parity. If I adopt the present rate of exchange in calculating the price differential since the signing of the automotive agreement, in 1965 the average Canadian car would have cost nearly 16 per cent more than its United States counterpart. By 1970 this gap would have been about 11 per cent, and for the current model year the differential is just over 8 per cent at, I repeat, the manufacturer's level.

This price gap naturally varies from company to company and from model to model. Some cars are priced lower in Canada than in the United States. Most are more expensive, by various amounts. In general, the smaller, more popular cars are sold at a lower price differential than the larger, more luxurious models. One of the new sub-compacts, in the version which is the largest seller, is on average $61 less expensive in Canada, at the dealer level, tax free, than it is south of the border on the same basis.

The exchange rate which I have used to trace these prices does not have a direct bearing on the Canadian dollar price actually paid by the Canadian consumer for his car. Canadian car prices, in Canadian dollars, have risen over the period of the agreement only half as fast as those in the United States in U.S. dollars. But the Canadian citizen, Mr. Speaker, still buys cars at a higher price than the U.S. citizen. How come? The question, then—and it has been repeatedly posed in this House—is whether a differential of this size, or indeed of any size, is warranted under a continuation of virtually tariff-free trade in vehicles and parts with the United States. This is the question with which my department has been constantly engaged, and one which both I and my predecessor, the now President of the Treasury Board (Mr. Drury), have discussed with the vehicle producers on many occasions.

[Mr. Pepin.]

Then, Mr. Speaker, what is the explanation? The producers have identified a number of elements where costs in Canada are higher than in the United States. These factors include cost of transportation of the cars to the dealers, sales taxes on materials, for example, construction materials, and other supplies, higher average costs of capital when they are borrowing on the Canadian market, greater administrative and overhead expenses related to Canada's separate and smaller economy, and the added burden of our colder winters. The companies are not able to identify, and neither are we, in cost accounting terms—I mean in any precise numerical terms—what these costs would amount to in terms that would be acceptable to economists, both ours and probably theirs.

While economists and accountants can, and do, recognize these and other cost factors in their studies of Canadian automotive production, it has never been possible to determine accurately just what these amount to in any particular Canadian operation and, even less, in the production of any given Canadian car. One can conclude, however, that there are in fact some continuing higher cost factors in this country which bear on the production of cars and their delivery to the dealers. It may be suggested that we buy a roomful of computers, hire a thousand economists and a few thousand accountants in order to get to the bottom of this problem, but some people say that even they could not decipher the complexity of the situation.

At the same time, Mr. Speaker, our studies of this industry indicate that there are certain elements which offset some of the higher costs which the producers have identified. It is mentioned sometimes, for example, that the cost of steel is lower in Canada than in the United States. It is also mentioned that labour stability is an advantage in determining the costs of production in Canada. But these lower cost elements seem to be just as difficult to measure precisely for particular factories or vehicle models as are the higher cost factors. I hope that I am at least giving an indication of the tremendous complexity of establishing proportions and comparisons in this particular industry.

Mr. Broadbent: You left out profit margins.

Mr. Pepin: Mr. Speaker, the knowledge we have is that profits in Canada, generally speaking, are lower than they are in the United States for companies in this particular sector of the economy. But, again, this is terribly difficult to establish; often you have global or international figures for the operations of these companies and from these you have to try to extricate the Canadian aspect. Again, the exercise is a most difficult one.

Whatever the past situation may have been, the budget provisions which the government introduced on Monday have already substantially altered the cost and profit equation which has been such an important element in our review of this matter. The availability of the new provisions for accelerated depreciation of machinery and equipment used in manufacturing, and the lower corporate tax rates which will bear on this industry, have removed any doubt about the ability of the industry to continue to reduce the price differential. The 1973 models, when they come out in the fall, may well cost as much as current models because they will have to incorporate in

both Canada and the United States stricter safety and pollution control devices. However, I expect the car manufacturers to narrow substantially the gap between Canadian and U.S. prices for the coming model year.

Why, you may ask, is the automotive industry singled out in this way? Why should it be expected to continue to move its prices closer to the U.S. level? First, this industry has been given privileges by the automotive agreement which are unique in Canada. The corporations can rationalize their production for the total North American market, with all the economies of efficiency and scale which that involves. Moreover, they continue to be protected in this country from overseas competition by what is now a 15 per cent tariff on most vehicles imported from third countries. The comparable tariff in the United States is only 3 per cent.

It would be intolerable if an industry which has been given the opportunity to arrange its production and distribution on a continental basis were to try to shelter behind this tariff. The government is, consequently, determined that this shall not happen and expects that the progress in reducing price differentials must resume and continue and that the advantages brought to the industry by the new budget measures and by the automotive agreement shall thus be shared equitably with the Canadian consumer.

Mr. Broadbent: Mr. Speaker, I rise on a point of order. I tried to get the minister's eye before he sat down. Would he answer a question on one matter, for clarification, before he finishes his speech?

The Acting Speaker (Mr. Laniel): Order, please. I point out to the hon. member that this is not a point of order. I must also point out to him that the time allotted to the minister has expired, and the hon. member's question could be put only by unanimous consent.

Mr. Broadbent: Agreed.

The Acting Speaker (Mr. Laniel): Is there unanimous consent to allow the hon. member for Oshawa-Whitby (Mr. Broadbent) to ask a question of the minister, provided the minister is ready to accept it?

Some hon. Members: Agreed.

Mr. Broadbent: A central part of the minister's reasoning as to why prices have not narrowed as substantially as they might have was the changing value of the Canadian dollar, which he said had a significant impact. If I followed the minister correctly, he seemed to suggest that, without explaining why, it should affect the price of cars. I wonder if he would take a minute to explain why this should be so.

• (2030)

Mr. Pepin: Mr. Speaker, there are many reasons for this. One is, obviously, that the companies have to meet competition in the United States at whatever price prevails there. The other is that some of them would tend to export more than they import, and consequently the disadvantages of revaluation would be greater. The case I was trying to make was that the price to the Canadian purchaser of an automobile, in Canadian dollars, at the manufacturer's level, has been substantially reduced since 1965 in comparison to what has happened in the U.S. I was trying to make the case, also, that the budget presented by the Minister of Finance brings in an important new element and we are expecting, indeed we are insisting, that this new element should be visible in the reduction of prices in the future.

Some hon. Members: Hear, hear!

Mr. Saltsman: Mr. Speaker, I wonder whether, with the approval of the House and the minister's willingness, I might ask—

The Acting Speaker (Mr. Laniel): Order, please. Is the hon. member for Waterloo (Mr. Saltsman) rising on a point of order, or for the purpose of asking a question? The previous hon. member was permitted a question by unanimous consent. I think the Chair should again ask if there is unanimous consent, otherwise the question cannot be asked. Does the House agree to allow the hon. member for Waterloo to ask a question of the minister?

Some hon. Members: Agreed.

Mr. Saltsman: Thank you, Mr. Speaker. This is a direct question.

Mr. Francis: One speech is enough.

Mr. Saltsman: The report in the *Globe and Mail* of Tuesday of this week quotes the minister as saying:

> One of the reasons for the difference in price was the need for car firms to make a higher profit in Canada or there would be nothing to induce them to move out of the United States.

Is the minister still of the opinion that this is a valid position, and how can he reconcile that—

Mr. Pepin: Mr. Speaker, I very sincerely do not recall having said that. If it can be proved that I said it, I will try to explain what I meant.

Mr. Charles H. Thomas (Moncton): At first glance, Mr. Speaker, the Minister of Finance (Mr. Turner) appears to be embarking on a new economic course, a course in line with his public statement that jobs are his first priority. He would appear to have succumbed to the pleas of the opposition over the last four years that unemployment is the number one problem in this country and that significant corrective action must be taken at once.

The adjustment of the old age pension and the guaranteed income supplement, the application of the escalation of veterans pensions and the increase in the basic exemption for people over 65 will put an extra $350 million—this is the minister's estimate—into the hands of some two million people, to spend as they please. While this is inadequate, as my colleague the hon. member for Edmonton West (Mr. Lambert) has pointed out, it will provide some immediate stimulus to the economy.

The proposals to cut corporate income tax, while a step in the right direction, will bring no immediate stimulus to the economy. After all, they do not become effective until January 1, 1973. Even if they were to take effect immediately, I question whether the $500 million involved could

not have been directed to better advantage in the creation of jobs. Let me refer briefly to my remarks in the previous budget debate. On January 19, 1971, as reported at page 2566 of *Hansard* I said:

> We need substantial cuts in both corporate and personal income tax, to place more money in the hands of consumers and to reverse the pessimistic attitudes held by businessmen about the immediate future of the economy. Above all, the government must admit that it has been wrong in its political philosophy that everything must be brought under government control. We need an admission that it has been wrong in its theory which suggests that economic expansion can only be achieved where, when and how the minister and his bureaucrats decide ... we want from the government recognition that private enterprise and not the government is the only lasting source of economic growth and jobs.

The key phrase there, Mr. Speaker, is "both corporate and personal tax cuts" for I question the effectiveness of one without the other. Corporate tax cuts in themselves, despite all the good intentions of those who receive them, do not necessarily imply that manufacturers will increase their production. I recall that the Carter commission said as follows in this connection:

> Changes in corporate income taxes are likely to have a delayed impact on the investment spending of corporations.

It has been estimated that the average length of this lag is 15, or at least 12 months. This measure will not significantly affect investment decisions until well into 1973. It is difficult to be more precise about the length of this lag since it depends upon corporate expectations of future demand for their products. The Carter commission put it this way, and this is what has applied in our country in the last two or three years:

> When corporations have excess capacity, it will be difficult to induce them to make additions to capacity by reducing the rate of corporate income tax, especially in the short run. The only sure way of inducing them to expand capacity is by increasing the demand for their output.

The only measure in this budget, Mr. Speaker, that will help to increase consumer demand immediately is the $350 million going to the pensioners. Realizing this, it is obvious that the minister has not really changed direction; his is still the same old preoccupation with inflation as the villain of the economy. Despite his recognition that jobs are the first priority, there is little or nothing in his budget to create jobs now, when they are needed. Injecting $350 million into the economy under a tax system that is geared through progressive rates to bring most of it back is hardly inflationary. But I will come back to this point later.

Let me turn briefly to those sections of the economy which this budget completely overlooks. There is nothing in these budget measures that will provide any direct assistance or incentive to many of the most labour-intensive and important sectors of the economy. For instance, there is nothing that will provide any relief to the service industries, the construction industry, to farming, fishing or logging. When I recite these various industries, the obvious fact strikes me that these are the types of industry which form the backbone of the disadvantaged areas of this country both east and west. These industries are the mainstay of our Atlantic economy. In the Atlantic area we depend largely on farming, fishing and lumbering for employment.

[Mr. Thomas (Moncton).]

One of the disturbing features of this budget is the fact that it completely overlooks these important industries. How important it is to stimulate employment in this area can be illustrated by referring to the March figures for unemployment in Canada.

• (2040)

The unadjusted figure for the Atlantic area was 12.1 per cent. For New Brunswick, 12.6 per cent of the work force was unemployed, representing 27,000 people; for Nova Scotia the figure was 9 per cent, or 23,000 people; for Newfoundland, 15.4 per cent, or 24,000 people; for P.E.I., 16.2 per cent, or 6,000 people. According to Statistics Canada, about 80,000 people in the area are unemployed.

Although the figures are serious, what is most significant about them is that they are becoming static. If one looks at the figures for the last 12 months, one will find there has been little variation in the level of unemployment. This indicates that unemployment in the area is chronic. I do not mean to condemn outright the policies of DREE, but although DREE has pumped a great deal of money into the area unemployment levels remain chronically high.

It seems to me that the relief offered in the budget to the corporate sector will have the greatest effect in those areas which least need it and, conversely, the least effect in those areas which need it most. Most of the large manufacturing and processing industries of this country are located in Ontario and Quebec. Once again, there is to be no help at all for primary industries, in other areas involving the farmer, the fisherman and the lumberman. Surely these areas of our economy have the right to expect some assistance.

We need more direct employment and investment stimulus in our economy. Corporate tax relief measures are a step in the right direction. These should be coupled with selective personal income tax cuts. We must create the demand which will encourage production. I was interested to read a survey undertaken by a Toronto *Star* writer on April 1. He was examing the question of unemployment and asked all manner of people in this country what steps they thought we should take to cure unemployment. According to the survey, labour in British Columbia said that there should be lower taxes for the poor. On the Prairies, labour said there should be higher corporate taxes. In Ontario, labour suggested that taxes should be reduced; in Quebec, that there must be a fairer tax structure; and in the Maritimes, that taxes should be reduced.

When the same question was put to management, it is interesting to note that the replies from all areas were unanimous: the proper course was to cut taxes. When the economists were asked—and economists agree on hardly anything—their answers, again, were unanimous. In every area of the five surveyed, the unanimous reply was, "Cut taxes." It seems to me there is a message here for the government.

Every time members on this side of the House suggest cuts in personal income tax they are labelled irresponsible. Government supporters invariably ask, "Where will the money come form?" One is always tempted to reply that if this government would trim some of the fat, waste and extravagance which is the hallmark of its administra-

tion, it would not need to soak the taxpayer at every turn. That suggestion might be termed irresponsible by my friends across the way, therefore let me briefly outline how I think taxes would be cut in a way that would still provide enough revenue for normal government spending, although possibly not as much as this government would like.

In 1971 the economy was operating at a level approximately $3 billion below potential, according to Economic Council estimates. Given the high labour force growth and growth in productivity, it is certain that the loss of output in each of 1972 and 1973 will be at least $2 billion. A substantial stimulus to output is, therefore, required if this potential production is not to be lost.

It has been estimated that the increase in Gross National Product from every $1 cut in personal income tax will be $1.60. On the basis of that estimate, which is taken from the Carter commission, we would require a $1,250 million cut in personal income taxes because according to Carter a cut of $1 in personal taxes would increase the deficit by only 60 cents, due to the offsetting of a 40-cent increase in federal revenues which would accrue as a result of the increase in the Gross National Product. It should be noted that these figures of the Carter commission were estimated for the tax system in effect before the recent tax amendments were introduced.

It is also interesting to note that despite the many assurances we were given last year these tax amendments have resulted in federal revenues rising more quickly than the Gross National Product. If we use the Carter figure for the moment, however, a $1.25 billion personal tax cut would result in a net federal revenue loss of $750 million. According to one economist, a revenue cut of $500 million would be needed solely to eliminate fiscal drag in the coming year. "Fiscal drag" is the term for the additional revenues generated by the tax system with the growth of Gross National Product in money terms and without any change in tax rates.

This drag comes about because, according to my understanding of the system—no doubt other hon. members understand this—the tax system is geared to a progressive income basis. As the name suggests, this revenue leakage from the private sector is a drag on economic growth unless taxes are reduced or government expenditures increased. So the $500 million in drag that we shall see in the coming year will be generated primarily by an automatic increase in the level of personal income tax revenues. In other words, the tax bite automatically goes up as personal incomes increase.

It can therefore readily be seen that the $500 million in revenue forgone through the various adjustments will not be expansionary; that is to say, the $500 million that the minister estimates will be lost to the government through these tax cuts will not have an expansionary effect. This reduction in revenues will simply place us in the position we formerly occupied; it is needed to offset fiscal drag. Therefore this measure, in effect, is simply a transfer from individual taxpayers to corporations.

Let us consider the effects this budget will have on increasing the prospects of greater consumer demand in the near future. The only measure of significance in this regard is the $250 million in increased pension payments. Using the same multiplier as before, this would result in a GNP increase of approximately $600 million. A rough estimate of the likely effect of this increase would be to reduce unemployment to approximately 5.5 per cent by next May.

• (2050)

There is a continuing argument about what is a desirable rate of unemployment, and no one has really put forward a satisfactory answer. However, a figure of 4 per cent has been suggested many times as one for which we should strive. But to reduce the unemployment rate to close to 4 per cent within a year would require a budget deficit in the order of $940 million, slightly more than twice as large as that of the budget brought down earlier this week. This would be achieved by means of a personal tax cut of about 8 per cent. This figure is only an approximation, however, because of the difficulties in accurate revenue forecasting. The minister, with the resources of the finance department at his disposal, was forced to admit the following:

> It would be totally unrealistic to expect a revenue forecaster to forecast within 2 per cent. But 2 per cent of total revenue is some $320 million. This year we shall have particular difficulty in revenue forecasting owing to the fact that we have no experience of tax collections under the reformed tax system.

Assuming accuracy in the forecast, the 8 per cent cut in needed personal tax collections is based on uniform, across the board reductions. The size of the needed revenue cut would be reduced if the personal tax reductions were tailored to favour lower and middle-income groups. If the cuts given to these groups were increased, the over-all cut in total personal revenue collections could perhaps be reduced to 5 or 6 per cent. This is because cuts favouring lower and middle-income groups have a greater impact on stimulating consumer demand. These income groups spend higher proportions of income increases than do higher income groups; thus, the multiplier effect of tax cuts favouring them is higher.

It should be repeated that the $500 million adjustment in corporate taxes can be seen in large part as a non-expansionary redistribution of income from individual taxpayers to the corporate sector. It is difficult to argue, however, that the manufacturing sector did not merit some substantial tax relief since, as many hon. members have pointed out, the existing taxation system discriminates against this sector. The discrimination, however, has not been in favour of individual taxpayers who have in fact been bearing an increasing share of the tax burden. The lessening of the tax burden of manufacturing industries should not, therefore, have been at the expense of the individual taxpayer. What I am arguing is that despite all the assertions on the government side, when tax cuts are mentioned, that the economy cannot afford them, this is just not the case.

Mr. Bigg: Stop wasting money.

Mr. Thomas (Moncton): One of my hon. friends says, "Stop wasting money." That is one way to begin. Cut out some of the fat and waste, as I said earlier. But even without this, our tax system is so geared that increased tax cuts affecting personal income do not mean corresponding decreases in revenue for the government,

because as percentage figures go up the government takes a larger proportion of our income. In fact, it can be argued that aside from the stimulatory justification for personal tax cuts developed earlier, personal tax cuts are needed on grounds of fairness.

It was mentioned earlier that the fiscal drag results primarily from increased personal income tax revenue collections. Since tax rates are expressed in terms of money income and not real income, personal tax payments increase automatically due to inflation as taxpayers are pushed into higher income tax brackets even though their real income may not have increased. To prevent the government from profiting by inflation, therefore, and to avoid reducing the taxpayer's real income through increased taxation, personal tax rates should, it may be argued, be reduced in some relation to the cost of living index. The amount of this reduction should be sufficient to offset the personal income tax contribution to fiscal drag. I would commend these proposals to the Minister of Finance and to his officials.

Some hon. Members: Hear, hear!

Hon. Alastair Gillespie (Minister of State for Science and Technology): Mr. Speaker, may I say how pleased I am to speak in support of the measures introduced by my colleague, the Minister of Finance (Mr. Turner), in the budget presented to the House last Monday evening. That budget had two main thrusts: it was designed to build on our economic strength, while at the same time helping those who are least able to help themselves. These are complementary objectives and fundamental principles of this government and, indeed, of all Liberals.

Mr. Turner (Ottawa-Carleton): Hear, hear!

Mr. Gillespie: My colleague, the Minister of National Health and Welfare (Mr. Munro), has already spoken to his bill introduced in the House yesterday. Bill C-207 is designed to maintain the purchasing power of those receiving old age security pensions and to supplement the pensions of those most in need. I hope—and I speak for all those on this side of the House—that this bill, together with the bill providing for changes in veterans pensions, will receive speedy passage. Because those two pieces of legislation will be the subject of a separate debate I do not propose to deal with that thrust of the budget this evening. Rather, I want to concentrate on the thrust which is aimed at building on our economic strengths.

In my speech this evening I want first to comment on the basic thrust itself. Second, I want to emphasize the importance of technology as part of this thrust. Third, I hope to show the close interrelationship between the budget and the policies pursued by various departments of government, including those of my colleague, the Minister of Industry, Trade and Commerce (Mr. Pepin), the takeover policy of the Minister of National Revenue (Mr. Gray), and the policies and interests of my own ministry.

Mr. Bigg: Spoken from the heart.

Mr. Gillespie: Finally, I have some comments to make on the position of the opposition parties. I regret that the Leader of the Opposition (Mr. Stanfield) has left the Chamber and will not benefit from them.

An hon. Member: He is looking for the cabinet.

Mr. Gillespie: It should by now be very clear that this government attaches the highest priority to the on-going development of competitive and efficient industry in this country, with emphasis on those types of activities which will create opportunities for the meaningful employment of well trained, highly skilled Canadians.

Mr. Horner: Would the minister permit a question?

The Acting Speaker (Mr. Laniel): Order. The hon. member for Crowfoot (Mr. Horner) knows he can only ask a question if the hon. member who has the floor accepts the question, and there does not seem to be such acknowledgement by the minister.

Mr. Gillespie: I will be pleased to entertain a question from the hon. member at the end of my remarks. He may be driven to ask a question or two when I deal with the position taken by opposition parties.

Mr. Horner: I am sorry, Mr. Speaker; I did not mean to make the minister lose his place in the notes of his speech. Somebody must have written the speech very well.

Mr. Gillespie: Now that we have heard the intervention by the hon. member, I will proceed. Our future standard of living and the future quality of life of all Canadians will depend on our ability as a nation to develop a competitive manufacturing industry—firms and industries which are competitive with the best in the world.

• (2100)

My colleague, the Minister of Finance, has reminded the House that we are a trading nation and depend far more on exports than many, if not most, other industrialized countries, and considerably more proportionately than the United States. The Minister of Industry, Trade and Commerce also emphasized in his speech today the measures that his department has taken to provide access to world markets, and he has commented on the particular aspects of the budget in regard to the effect of DISC and on the automotive industry of Canada.

The proposed reduction in corporate income tax applicable to manufacturing and processing profits, the proposal to extend the present depletion write-off privileges applicable to equipment used in mineral ore extraction to equipment used in processing these ores, and the proposed two-year write-off provisions with regard to machinery and equipment used in manufacturing or processing are all designed to improve the over-all competitive position of Canada's processing industry and—

Mr. Horner: When will they take effect?

Mr. Gillespie: —to meet the special and peculiar challenges proposed by DISC.

Mr. Horner: He does not know; it is not in the script.

Mr. Gillespie: As I have already indicated to the hon. member opposite, if he will wait till the conclusion of my

remarks I shall be pleased to answer any question he has to put. It will be evident that these measures are not short-term handouts; rather, they represent important components of a broader, longer run strategy designed to foster development of Canadian manufacturing industry.

One of the important elements in any industrial development program is, of course, the creation of a climate appropriate to innovation and technological advance. During the last few months several reports, such as the report of the Science Council on "Innovation in a Cold Climate: The Dilemma of Canadian Manufacturing Industry", the study sponsored by the Science Council dealing with multinational corporations and direct investment, and volume 2 of the special Senate committee report on science, have all focused on the innovative process in Canadian industry.

Many of the concerns expressed in those reports can perhaps be best summarized in the following way: "To lose the power to innovate in a changing environment is to yield control of the future to those who retain that power."

As Minister of State for Science and Technology, I have been particularly concerned with the whole question of industrial research and development, but particularly with the development end of the spectrum, the innovative process itself. Innovation is that research and development activity that is oriented toward the market need. It is the essential activity underlying all the successful new products, processes, systems and services. It is concerned with what will fill a need, what will sell. It is concerned with the ultimate test, the test of the market place itself.

Industrial R and D in Canada is not as great nor as well supported or productive as I should like it to be. Expenditures by Canadian industry on its own account, for instance, are low alongside those of other nations. One has only to take a brief look at some of the leading industrialized nations, such as the United States, the United Kingdom, Germany, France and Japan, to see that Canadian industry's expenditures on its own account rate lowest when related to a percentage of the gross national product. For example, United States industry spends 1.15 per cent of the GNP on its own account, the United Kingdom 0.96 per cent, France 0.65 per cent, Germany 1.1 per cent, and Canada 0.41 per cent. I am quoting the 1969 figures which are the most recently available.

Another way of looking at this is to say that last year Canadian industry invested—I think that is the proper word—on its own account something over $300 million in research and development. Japanese industry during the same period increased its expenditures on industrial research and development by $600 million. In other words, the increase in industriaal R and D expenditures in Japan was nearly twice the Canadian R and D expenditures financed by Canadian industry. As far as the Japanese experience is concerned, just as important as size of expenditure is how it is spent. For the most part they emphasize the innovative end of the research and development elements. Why do they do so, Mr. Speaker? They do so because it is profitable for them to do so, because it is in their interest to do so, and because in their judgment their future growth depended upon it.

New technology or improvement in existing technology, as the background papers tabled by my colleague the Minister of National Revenue indicate, is the largest single factor in economic growth. What do I mean by new technology or improvement in existing technology? Simply this: new products to fill an existing or new market need, or a process which will improve the quality of existing products, or a new invention or better way of producing a product at lower cost.

Total expenditures on R and D by themselves do not tell the story. As I have already indicated, the kind of R and D is important. The pay-off comes with R and D which is directed at the marketplace and with R and D which is directed by the entrepreneur, for innovation is more than just imaginative engineering and market research. The distinguishing characteristics of an entrepreneur are that he anticipates, he looks for the opportunity and then goes on to make it a reality. He does not wait for someone to present him with the opportunity. He is an activist. He is, above all, future-oriented; and he is an optimist—much the same qualities as I am sure you will recognize, Mr. Speaker, in the members of this side of the House.

The entrepreneur is an innovator with a sense of proprietary interest. This sense of proprietary interest is to be found in some, but not all, Canadian subsidiaries of foreign corporations. It flourishes in those which have specialized and have developed a distinctive competence around a particular product, process or system. It is the same sense of proprietary interest that is likely to be eliminated by foreign takeovers, and once lost is likely to be gone forever. I think it is worth mentioning at this point that entrepreneurship and proprietary interest, if they mean anything, mean the ability to take decisions about your own future, your own growth, your own style, your own directions, to plan your own development and your own specialization—in a word, to build your own distinctive competence.

• (2110)

I am emphasizing the entrepreneurship function and innovation because I think they are central to the development of competitive Canadian industries. The entrepreneur finds his excitement in the future. He is not backward-looking or inward-looking; he is outward-looking and future-oriented. And this is an outward-looking, future-oriented, forward-looking budget. That is why I think this budget is the right budget at this time. That is why I think the thrusts of the budget reinforce the initiatives of the government in trade policy, incentives and takeover policy.

Let us look at some of these measures for a moment. Industrial research and innovation are already encouraged under a series of plans provided by the Department of Industry, Trade and Commerce—I refer to the Industrial Research and Development Incentives Act, IRDIA; to the Program for Advanced Industrial Technology, PAIT; to IRAP, the Industrial Research Assistance Program, sponsored by the National Research Council—to establish a research capability in industry. I could refer to many other programs sponsored by the Department of Industry, Trade and Commerce, introduced, extended and approved by my colleague the Minister of Industry, Trade and Commerce, including DIRP, the

Defence Industry Research Program; DIP, the Defence Industrial Program, industrial design assistance programs and programs to enhance productivity. They are considerable in number.

I should also like to remind the House of the provisions of the existing Income Tax Act, section 37(1)(b), which allow the manufacturer to write off his capital equipment purchased for research purposes in one year. There are other measures I could mention, but I shall mention only two. The first is incentive grants under DREE, which are aimed at assisting industry to establish itself in areas of slow growth. The second measure, which is very successful and popular, is the in-plant training program sponsored by the Minister of Manpower and Immigration (Mr. Mackasey). This program has allowed many Canadians to learn skills within a plant to the full advantage of the plant or the firm, and the employee.

There were three particular measures mentioned by the Minister of Finance in his budget which will provide additional stimulus to new technology and innovation. I refer to the proposed two-year write-off provision with regard to machinery and equipment used in manufacturing and processing, and to the reduction in the corporate tax rate which will enable otherwise marginal projects to get off the ground and to offer a possible profitable return where none existed before.

I refer, thirdly, to the decision of the Minister of Finance to remove the 12 per cent federal sales tax on purchases of scientific research and development equipment used in the testing and development of new products and processes. Based on current expenditures by Canadian industry on research and development equipment, this is equivalent to a saving of approximately $4 million annually. I am confident that this saving will represent an increased expenditure in research and development activities by all firms, to the long-run benefit to all Canadians.

It has been claimed by some opposition spokesmen that these measures will result in higher profits for the few, at the expense of the many. I think it is worth noting that there is no better guarantee of increasing jobs than a profitable, growing business. Businessmen commit their capital funds, whether they be for new machinery, new plant or research and development, when there is a chance to make a profit. That is precisely why the Japanese have spent so heavily on research, development and innovation. Obviously, the critic of the NDP, the hon. member for Waterloo (Mr. Saltsman), understands the meaning of the profit and loss system. I believe he is an entrepreneur. His leader gives no indication that he understands how the system works.

I should like to comment on one or two aspects of the government's policy on foreign ownership and, more particularly, the implications surrounding the acquisition of control of Canadian business enterprises. The takeover review policy is aimed at prohibiting the takeover of control of a Canadian enterprise when there is no significant benefit to Canada. In my view, these measures go hand-in-glove with the general thrust of the budget provisions aimed at strengthening and developing our secondary manufacturing and processings industries and, in particular, strengthening their innovative capacity. The takeover control measures are an essential element in the development of distinctive competence by Canadians in new technology and high technology industries.

A particularly important part of the Minister of Finance's budget was his decision to reduce the corporate tax rate on the manufacturing and processing profits of small firms from 25 per cent to 20 per cent. It is among the smaller firms that entrepreneurial activities are often most pronounced, and there is very good reason for this. The larger the corporation, the more difficult it is to innovate. The larger the firm, the more bureaucratic it becomes and the more it struggles with the problem of how to organize for innovation. That is why small, high-technology Canadian firms are a prime takeover target for foreign corporations. It is not the only reason, but it is often the principal one.

There are a number of other reasons why a foreign corporation may wish to acquire a Canadian corporation. It may be to eliminate a competitor, or perhaps to obtain a marketing arm for a product which a foreign corporation wishes to introduce into the Canadian market. It may be to obtain a source of supply which it does not now have. It may be to broaden the product line by acquiring new technological expertise, or it may be to update its own technology with the latest innovation. If it is the latter reason, that is, to broaden product lines through new technology or update its own innovation, and if the result is at the expense of future Canadian growth, that seems to me a reason for real concern, a concern held by all members on this side of the House. That, in my view, is one of the key features of the new bill on takeovers which reinforces the budget support for competitive, growing industries.

I should like now to spell out some of the specific ways that the budget proposals and the takeover policy interact and reinforce one another. The low rate of tax, which was 25 per cent and is reduced in this budget to 20 per cent on the first $50,000 of taxable income which can be accummulated up to $400,000, is a two-edge sword. I am not sure that opposition members appreciate the two edges. First, it encourages young and growing, innovative companies. I think probably they have not seen that. I am not sure they have seen the second, because it applies only to Canadian-controlled companies.

• (2120)

The benefit is not available to foreign-controlled companies. Secondly, if the foreign-controlled corporation were to purchase a small Canadian firm, not only would it lose the low rate of tax but it would have to pay a penalty equivalent to the amount of the benefit the small firm had earned during the period of the tax incentive. That in itself is a significant encouragement to the Canadian-controlled corporation.

The Minister of Finance in his speech on budget night also referred to the tax deductibility of the interest on funds used to purchase another corporation. This interest deductibility applies now to Canadian corporations which would be interested in making a purchase of another Canadian corporation. It places them now on all fours with United States corporations.

Mr. Speaker, I should like to direct your attention to the provision introduced in the House on May 2 by the Minister of National Revenue to require that all prospective acquisitions of Canadian firms with assets of more than $250,000, or annual sales of more than $3 million by non-resident interests, be examined by a takeover review agency. I would stress the importance of these threshold figures in relation to the activities of relatively small firms with development potential based upon technological capability. Some opposition critics have claimed that the $250,000 figure is too high. They may be unfamiliar with balance sheets and have confused gross assets, that is to say, the total of the figures on the left-hand side of the balance sheet with net assets; in other words, the total assets of the corporation less the outstanding obligations of the firm to its creditors. A second look might convince them that the screening process will pick up the innovative firms, particularly in high-technology and new technology industries, and give an edge to a Canadian buyer of a Canadian enterprise which wishes to sell control.

Mr. Speaker, there is another step which this government has taken to stimulate R and D activity and innovation in the private sector. It was the decision that I announced in the House during the Throne Speech debate to contract out research and development to the private sector wherever possible; in other words, instead of building up in-house capability in government laboratories, to place contracts outside as much as possible where the spin-off benefits can be realized, where the information can be used in an innovative way.

As I have already indicated in my remarks this evening, it is my view that innovation is a product of entrepreneurial activity, that entrepreneurial activity and a sense of proprietary interest go hand in hand and that a good deal of important technological innovation will be spawned in the smaller companies. This does not mean that our policies are designed only for small firms. Let us not forget, however, that big companies were once small. Our policies are aimed at stimulating entrepreneurial innovations and attitudes in the larger firms whether they be foreign-controlled or Canadian-controlled. Both can develop a sense of proprietary interest around distinctive products or processes unique to the Canadian firm.

In conclusion, I should like to discuss one or two of the criticisms of the opposition parties. The first, incredible as it may seem, is that the Conservatives have not yet grasped the basic issues in the foreign direct investment question. They have chosen to ignore the concept of significant Canadian benefit, I suspect because they have no convictions. They have chosen to confuse the issue of investment. They have not distinguished between portfolio investment and direct investment, and there is a difference as great as night and day. One might look at the difference in terms of the players and the spectators at a hockey game. Direct investment involves the management, the players. It involves a significant say in the management and policies of the firm, often involving control. This is the essential characteristic of multinational corporations.

Portfolio investment is passive. You choose your team and bet on it: that is about it. Nor have the Conservatives distinguished between the question of control and ownership. The Leader of the Opposition, for instance, was quoted as saying that there were not positive measures for Canadians to invest and thereby reduce the proportion of foreign ownership. His chief financial critic made a very similar statement which would seem to indicate that the party has decided to fudge the issue rather than confront it. They are wrong on both counts. The Minister of Finance has already detailed a number of measures, including a 33 per cent dividend tax credit, and referred to the provisions governing pension funds. That looks after the portfolio investment side, if one is interested in making a distinction and knowing the difference.

The Acting Speaker (Mr. Boulanger): Order. I regret that the time of the minister has expired. Is there agreement that the minister continue?

Some hon. Members: Agreed.

An hon. Member: Read on.

Mr. Gillespie: Mr. Speaker, I thank hon. members. I shall not take advantage of their good will by speaking very much longer. However, I want to make this point about the difference between portfolio and direct investment, a distinction the opposition parties, particularly the Conservatives, have not made. They have not recognized that there are different incentives for the two different types. They have not recognized that on the direct investment side there are particular advantages for Canadians. The Minister of Finance mentioned them. He referred to the 33 per cent dividend tax credit, which is not extended to foreign corporations but to Canadian corporations.

Similarly, there is the low rate of tax, which I have already mentioned, on the small Canadian firms. This is not available to foreign corporations purchasing Canadian corporations in the direct investment way. Nor have the Conservatives recognized the interest deductibility which now applies to Canadian firms that want to make a direct investment in a Canadian firm. They have not recognized the difference, yet they piously go on saying there is no incentive for Canadians to invest. Let them, when they are speaking of investment, specify portfolio and then let them say where the incentives do not exist. I challenge them to do that.

Mr. Speaker, at no time has the Leader of the Opposition or his chief financial critic been prepared to distinguish between ownership and control. I would draw their attention to the title of Bill C-201, "An act to provide for the review and assessment of acquisitions of control of Canadian business enterprises by certain persons". The question of direct controlling investment is quite separate from providing incentives to portfolio investors to invest in Canadian securities. It is about time the Conservative party realized this. The Montreal *Gazette*, not always a critic of the Leader of the Opposition, in a recent editorial highlighted this obfuscation, this evasiveness, this confusion, this lack of commitment in an editorial entitled—

An hon. Member: Did you write the article?

The Acting Speaker (Mr. Boulanger): Order, please. The Chair asks hon. members to recognize that the minister

has the floor. It is difficult for the Chair to hear what the minister is saying.

• (2130)

Mr. Gillespie: Mr. Speaker, I am about to give hon. members some of the facts, but they may not like them. The editorial is entitled "Non-answers aren't enough".

Mr. Horner: Mr. Speaker, will the minister accept a question now?

The Acting Speaker (Mr. Boulanger): Order, please.

Mr. Gillespie: It is difficult to make oneself heard over the noise. I wish to quote from the article. If the opposition will listen, they might learn what some of their one-time admirers are now saying about them. The article reads in part:

> Politicians who avoid definite statements are nothing new, but Robert Stanfield would not even commit himself to the view that this is the month of May. The Conservative leader's non-answers to questions on the latest episode of the CBC television program Encounter must have set some kind of record for evasiveness.

To an observer of the scene this will come as no surprise.

Mr. Paproski: Who wrote that?

Mr. Gillespie: It is he, not Mr. Watkins, the other leader of the NDP, who should be described as the chief Waffler in the country. There were other perceptive comments in the editorial that I would like to share with you, Mr. Speaker, and other members of the House, but I will quote only once more as follows:

> Even Mr. Stanfield's attacks on unemployment are beginning to sound a little too much like opportunism. He certainly ought not to give the government any respite on that subject, but the country is entitled to something more from a candidate for the prime ministry than a condemnation of unemployment.
>
> He would aim at bringing the seasonally adjusted unemployment rate down to 4 per cent. How?

Mr. Paproski: When we take over after the next election.

Mr. Gillespie: We on this side of the House know why he gives non-answers. He gives non-answers because he has a non-policy. He has offered only evasiveness, benign generalities and indignant blustering. These are no substitute for policy.

Mr. Horner: How many civil servants has the Leader of the Opposition (Mr. Stanfield) writing his speeches for him?

The Acting Speaker (Mr. Boulanger): Order, please. The hon. member should co-operate with the Chair.

Mr. Horner: You did well with the material somebody gave you.

The Acting Speaker (Mr. Boulanger): Order. The hon. member should co-operate with the Chair and allow the Chair at least to follow the speech of the hon. member who has the floor.

Mr. Lambert (Edmonton West): Mr. Speaker, I rise on a point of order. At the request of the Chair the House gave the minister extra time. I would point out to the Chair a flagrant breach of the practice of the House. The hon. member is a minister who has been here four years. There is nothing to indicate what the sheafs of paper that he has before him and from which he is quoting left, right and centre represent. They are not in any way his own contribution.

An hon. Member: Shame.

The Acting Speaker (Mr. Boulanger): Order, please.

Mr. Lambert (Edmonton West): I rose on a point of order, Mr. Speaker.

The Acting Speaker (Mr. Boulanger): So far, I did not hear a point of order; unless the hon. member has something to add to make this a point of order.

Mr. Broadbent: Mr. Speaker, I wish to rise on a point of order.

Mr. Lambert (Edmonton West): I will continue my point of order and point out very definitely that what the minister is doing is contrary to the practice of this House. He should not read his speech.

Some hon. Members: Oh, oh!

Mr. Lambert (Edmonton West): There are cases where ministers are allowed to do so for statistical reasons or on matters of policy. But you, Mr. Speaker, have been here also for many years and I do not think I have to point out the practices of this House. The House has been indulgent in granting the minister time to finish his speech, but in no way will we give him permission to read page after page. Members should prepare their speeches to conform to their time, or they should know better.

Some hon. Members: Hear, hear!

Mr. Broadbent: I rise on a point of order, Mr. Speaker. I think it is entirely inappropriate for the Conservative financial critic to suggest that the content of the minister's speech is not really his own. If one listened with care to the fatuous banalities, one could draw no other conclusion than that they are his own.

Mr. Gillespie: I had not realized that I was getting to hon. members quite as strongly as their reaction shows. If they are concerned with the printed word, I might tell them that I did not read it all. The quotation was from the Montreal *Gazette* editorial of May 10, and they can read it themselves.

Mr. Lambert (Edmonton West): Make your own speech.

Mr. Gillespie: With the co-operation of the House, I should like to finish my speech.

Mr. Horner: You've had co-operation.

Mr. Gillespie: In my remarks this evening I have tried, over one or two interruptions, to deal with the question of innovation, of technology, of entrepreneurship, of the sense of proprietary interest and of the interaction of various government policies. I have spoken about the

policies of the Minister of Industry, Trade and Commerce and about the takeover policies announced by this government. I have referred to policies of the Minister of Manpower and Immigration, and to DREE. I am also trying to point out those which have my particular interest, which have to do with high technology. All of them reinforce the posture and proposals of the Minister of Finance. In my view, his proposals will meet the basic need of this country to establish at this time an industrial base that will ensure the future employment of the most rapidly growing labour force in the western world.

Some hon. Members: Hear, hear!

Mr. Horner: May I ask the minister a question?

Mr. Turner (Ottawa-Carleton): He is over his time.

The Acting Speaker (Mr. Boulanger): The hon. member for Oshawa-Whitby (Mr. Broadbent).

Mr. Edward Broadbent (Oshawa-Whitby): Thank you, Mr. Speaker. It is certainly a tough act to follow. I will try to deviate from my script a little more than did the minister. On a more serious note, I should like to take up my time this evening in replying to the comments made earlier by the Minister of Industry, Trade and Commerce (Mr. Pepin). All members of the House know that we have been waiting with bated breath for almost two weeks now to get answers from the Minister of Industry, Trade and Commerce regarding what this government intends to do about DISC and about the differentials that still remain in the price of automobiles in this country as compared with their price in the United States.

I would appreciate the minister paying more attention to the points which I will make, because I wish to deal with his arguments. In the past, the record has been good for both members and ministers listening to each other's points. I would like his attention, if he would be considerate enough at this time to give it to me because, as I have said, I will be dealing with important matters. I must say that despite my personal respect for the minister, the speech that he gave today was one of the most disappointing experiences I have had.

• (2140)

The DISC legislation passed by the United States is potentially the most serious protectionist legislation passed by any industrial power since the 1920s, but the way the minister and the government have responded to it, Mr. Speaker, would lead you to believe that we had until the end of the century to make up our minds about what we are going to do in this country which, I remind you, is the United State's most important trading partner, just as the United States is our most important trading partner. It is a profoundly important issue. What did the minister say to justify the slowness in our response? He said that according to our knowledge of the United States companies, they were rather slow to act on this legislation. Somewhat fewer than 1,500 companies in the United States have set up DISCs. Further, he said the Canadian firms consulted on this matter did not know to this point how U.S. firms were going to respond. He went on to say that at least three major corporations in this country, Ford, General Motors and Chrysler, have already established DISCs. Well then, what is to follow from this?

Mr. Pepin: I said more than that.

Mr. Broadbent: I will come to the minister's other comments a little later. My point is that notwithstanding the fact that fewer than 1,500 corporations have set up DISCs, this could be of profound importance to the Canadian economy if a significant percentage of those have subsidiaries in Canada on the one hand, or are simply among those corporations that do a major percentage of their trade with Canada. It is that information which the minister should have presented to the House so that we could determine the situation which now exists.

It seems to me that the only companies he has mentioned by name are those that were already brought to his attention publicly and that were known by people both in this chamber and outside it. I am sure he has a list, or I would hope he has a list of the other firms involved. It is the minister's responsibility to inform the Canadian people of how many of these 1,500 companies are significant traders with Canada. We cannot wait any longer to see just what is going to happen. From the minister's own words we know that the Ford Motor Company, which employs thousands of Canadians, has been exporting cars and trucks from the United States into Canada. This will have an important impact on our automotive industry. How many other companies are doing this, Mr. Speaker? The minister has not told us. I submit that he has an obligation to find out and tell us.

The minister is simply relying on the reduction in corporation tax to deal with the DISC legislation. I suggest that this will not be enough. He knows very well that GATT is meeting later this month in Europe. It seems to me that the minimal action he can take is to go before GATT, having first informed this House that he will do so, and say to the other members of GATT, particularly to West Germany and Great Britain which have a high percentage of U.S. investment in them, "We in Canada are feeling the impact first. We are the major trading partner of the United States. You can imagine what will happen to your countries if the Americans are permitted to act on DISC for an indefinite period of time."

The argument that DISC is a clear and flagrant violation of GATT should be made at the GATT meeting. The minister should be attempting to mobilize support. I have mentioned West Germany and Great Britain. I could also include Japan. Surely these countries have an interest in stopping the Americans from getting away with DISC in the same way as they got away with the U.S. surcharge last August 15. Are we just to sit back and let American economic protectionist measures do severe harm to our economy as a whole? I suggest that we should not. I also suggest that the minister has failed in his responsibilities to the House by saying we really do not know what will happen yet. When we find out, Mr. Speaker, it may be too late. As the minister well knows, trade patterns and orders are set in motion many months in advance and in some cases years in advance. We may not know the full effects of DISC until 12 months, 18 months or 24 months from now. Therefore, the minister should act and not wait for what could be an economic disaster to confront us.

I wish now to deal specifically with the minister's comments on the automotive industry. They were indeed very revealing. He said he spoke to the heads of corporations. What did he learn, Mr. Speaker? He learned that the Ford Motor Company is exporting cars and trucks from the United States into Canada under DISC. But, Mr. Speaker, that is nothing new; we knew it before. The minister says he learned that General Motors and Chrysler Corporation have set up DISCs but they have not yet made clear what they intend to do with them. Again, this is not new information. We knew that. However, his conclusion from this—and I noted that he took great care with his words—was that in the short run the companies assured him that the effects on the Canadian automotive industry, as a result of the three firms that have set up DISCs, are not likely to be significant. With respect, Mr. Speaker, as one says around here, I suggest that the minister's comment itself is not very significant.

The minister knows very well that the model plans and production orders for next year's models are already locked in. The DISC legislation has had almost no time to have had an effect on the immediate or short-run plans of the automotive industry. Therefore, I assume he reaches the same conclusion I do, that the statement he made about the short-run effects of DISC on the automotive industry being insignificant is in itself rather insignificant. What we have to be concerned about with DISC in the automotive industry is not what is going to happen next year, but what will happen the year after and the year after that.

Mr. Speaker, I do not have any magical cure but it seems to me there is something we can do other than sit back and wait for events to happen. First, we must make it abundantly clear that the DISC legislation is a 100 per cent violation of the auto pact. There can be no question about that, and the minister knows it.

Mr. Pepin: I said so ten times.

Mr. Broadbent: I recognize that the minister has made that point a number of times, but I also recognize that neither he nor his government has done anything about it. Recognition of the fact, and changing the fact, are two different matters. What has to be done is that the government must not only maintain the production safeguards in the Canada-U.S. automotive agreement, but also insist that the current levels of guarantees be strictly enforced. This would mean that the companies within the present framework of the pact could only act under DISC provisions within very severe limits because of the provisions in the pact going back to 1964 levels of production. Above and beyond that we should have the safeguard requirements in the pact improved so that Canadians will be entitled to produce North American automotive products equal to the dollar value of the total North American market that they consume. That seems to me to be the guts of the issue.

• (2150)

As the minister knows, at the present time in Canada we are consuming about 8 per cent of the total North American output of automotive products but we are producing only about 6.5 per cent. If we made an issue of this, and that means that the minister made an issue of it instead of sitting back and waiting to see what the Americans are doing, if he would make a few speeches in Canada and if he would go to Washington and say that we Canadians have a right, not to produce more than we can consume in this industry but we have a right at least to produce what we can consume in dollar value—if that were written into the pact and adhered to, it would provide an effective protection against DISC in the automotive industry.

Related to that, of course, is the point that the American government should have exempted the auto industry from the DISC legislation in the first place if it was going to be at all consistent with international law. Again, the minister has said that he pointed this out to the appropriate American officials. But has he made a political issue of it, Mr. Speaker? Surely that is what counts in this country or in any democratic society. To go and speak quietly to some political opponent, whether in your own country or another, has no significant impact. I submit that if the man you are speaking to feels strongly about what he is doing, and if you do not make it a public issue and attempt to mobilize public support on your side, then he can smile and tell you to go to hell, if you will excuse the phrase, Mr. Speaker.

I suggest that is exactly what Mr. Connally and the American government in its trade relationships, with the United States automotive industry and DISC in general, is saying to our country. They are saying, "We will be quite content if the Canadians come to Washington and practice quiet diplomacy"—but unless the Canadian government tells the Canadian people very vigorously what the American government is doing to this industry, then of course the Americans will not change. To get a change the government, in this case the responsible minister, must try to mobilize Canadian public opinion on its side. If the minister did that, we might make a breakthrough in Washington; but as long as he sits back and hopes that the Americans will not be tough on us we will continue to get the short end of the stick. I submit the Canadian people deserve better than that.

Mr. Blair: Tell us what the UAW is doing.

Mr. Broadbent: The hon. fathead wants to know what the UAW is doing. In the United States it is the only major union that has opposed protectionist legislation coming out of the United States. It is the only major union that has supported the auto pact and has supported the Canadian union workers. If the hon. member has a second question, I will be glad to deal with it later.

I should like now to come to the question of auto prices. I must say I was dismayed, and I noticed the minister looked at little dismayed when he was speaking about this issue. I am sure he realized that the case he was presenting was not the most persuasive. It included items that he has brought forward during the question period in the last two months. Nothing new was provided in his speech. Perhaps he is in a difficult position. I think he has to admit that the auto companies in Canada are making monopolistic profits out of all proportion to what they are entitled to in terms of market price. He quoted the prices from 1965 to 1970 and pointed out that up to 1970 they had continued to go down. There is still a big gap and for some

reason, the logic of which escapes me, he says the change in value of the Canadian dollar must have had some bearing in leading to the current result which is a 10 per cent difference in price. We had gone down to about 3½ per cent difference in 1970 and now at the factory list price we have about a 10 per cent difference!

The minister says that this must be due primarily to the change in the level of the Canadian dollar. I do not see that. If anything, it seems to me—I stand to be corrected—that the changing position of our dollar should have helped us because we buy more parts in the United States. Our auto assembly plants buy more parts in the United States than they buy here. That means, if our dollar has gone up in value, that the purchase of parts is relatively cheaper when buying from the United States. That should mean that the production costs of automobiles in Canada should have gone down, since the value of our dollar has gone up. Therefore, the improved position of the Canadian dollar should have meant a further and more significant drop in the price of automobiles.

I should like to put on the record some figures from a carefully documented article which appeared in the *Globe and Mail* on Wednesday, April 26, in regard to four medium-sized North American automobiles. For a Chevelle we paid $275 more in Canada for the same car that was produced in Canada and sent to the United States; for a Ford Torino we paid $300 more.

Mr. Pepin: How much of that is sales tax?

Mr. Broadbent: That is after all those differences are allowed, sales tax and other like things. We paid $325 more for the Satellite, and for the Matador we paid $325 more. The point is that in 1965 there was an economic reason for us to pay more for cars. We had inefficient assembly plants and we were producing perhaps 14 models in one plant instead on one or two. Now the Canadian assembly plants are the most efficient in North America, and therefore Canadians should be paying less for their automobile, at factory list prices, than the United States. This minister, as the man responsible for the auto pact, has a basic obligation to the consumer in Canada to do something about that.

I suggest that he should go to the corporations before the fall of next year and tell them to get their prices in line. He could make it very clear that he would take some kind of retaliatory action. For example, he might offer to reduce the federal sales tax by 6 per cent if the companies would pass that on to the consumer, plus reducing their price by a further 6 per cent. That would mean a total of 12 per cent. He might tell them that if they do not do this by fall, the government will take all the tariffs off imported automobiles.

The point is, Mr. Speaker, that there is no economic justification for the difference in prices now. The minister has done nothing to clarify this issue tonight. The disparity remains. I submit that if we had equality in price, the consumer in Canada would get justice, and Canadian workers would get justice, because Canadians would buy more Canadian-produced automobiles and fewer foreign ones. That would mean more jobs for Canadians. The minister has failed completely in this area.

Mr. Blair: Mr. Speaker, on a point of order. We have listened to the diatribe by the hon. member for Oshawa-Whitby (Mr. Broadbent)—

Mr. Forrestall: Sit down.

Mr. Blair: I would like to ask him to show us where and when the head office of the United Auto Workers of America have said things in favour of the Canadian interest in the auto pact?

The Acting Speaker (Mr. Boulanger): Order, please. This is a question, not a point of order.

PROCEEDINGS ON ADJOURNMENT MOTION

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

NATIONAL DEFENCE—REASON FOR DROP IN RESERVE FORCES STRENGTH—STEPS TO REVERSE TREND

Mr. J. M. Forrestall (Dartmouth-Halifax East): Mr. Speaker, the question I refer to this evening arises out of one put to the Minister of National Defence (Mr. Benson). I asked specifically whether, in light of the alarming 22 per cent drop in Canada's armed forces reserves, the minister had taken steps to identify the cause of this decrease as well as steps to reverse the trend. We may learn if he has been able to identify the reason.

• (2200)

After Mr. Speaker intervened, the minister said that he had answered the question when he appeared before the Standing Committee on External Affairs and National Defence. He was referring to the committee meeting of Thursday, April 27. I asked the question because of the minister's response to a question asked by a colleague to my left, the hon. member for Selkirk (Mr. Rowland).

In view of the concern expressed by at least one member of the House with respect to the downgrading of the reserves in the Canadian armed forces, the minister's response before the committee was, to say the least, unintelligent. Not having fully grasped the meaning of the briefings which I am sure were given to him and which I am absolutely sure were accurate, the minister, obviously aware of his own intellectual capacity for understanding said as reported at page 12 of issue No. 11 of Minutes of Proceedings and Evidence of the Standing Committee on External Affairs and National Defence:

> Actually if one takes the authorized ceilings as determined by my predecessor, Mr. Cadieux—

Actually, Mr. Cadieux is the predecessor once removed of the present minister. He is a most intelligent gentleman and if he were still minister of national defence he would show care and concern with respect to members of the Canadian armed forces. In any event, the reference by the minister before the committee was based upon estimates presented by Mr. Cadieux when he was minister of national defence. That hon. gentleman now is ambassador

to France, I believe. To continue, Mr. Speaker, the minister reported as follows:

—the total was 23,200 and the actual number on strength at August 1971 was 20,950 which is 2,250 under the authorized strength.

It was the last figure, Mr. Speaker, based on an estimate given in 1969, that gave rise to my question. There are a number of questions that I should like to have answered. First, has the minister been fully advised by his professional staff why the reserve forces of the Canadian armed forces are alarmingly below a strength that is even minimally acceptable? Despite what the minister may have said, statistics show that to date there has been an alarming 22 per cent drop in the strength of the reserve forces. The reason for this drop concerns me, as does our action to stop it. For instance, why is there this alarming drop-out from our armed forces? Why are so many dropping out after the initial year of indoctrination? After serving their first year, many recruits do not even bother to resign; they simply do not come back for training. Why do they stay home?

I suggest that there are many reasons, one being the inadequacy of support from the regular forces brought about by a desire on the part of forces personnel, understandably, in view of the lack of money and lack of manpower, not to detail officers and senior NCOs to reserve units for training purposes. Another reason involves lack of funds. Also, because of our inability to transfer officers and NCOs to reserve units it is difficult to give those units the level of training that is absolutely necessary if we are to give the permanent personnel of the Canadian armed forces the sort of backing that is necessary. The raison d'être, if you will, for our reserve forces is that they are able to provide backing for our regular Canadian armed forces.

These are the questions we want answered. Has the minister identified the problems? What does he intend to do about them? Is there an adequate advertising program? Is there an adequate integrated training program carried out with the assistance of members of the regular forces? Do the reservists have access to a level of training which is normally available at officer and NCO level in the regular forces? All these questions must be answered if we are to identify the reasons for the alarming decline to which I have called attention. I hope the distinguished parliamentary secretary will give me some answers this evening.

Mr. J.-R. Comtois (Parliamentary Secretary to Minister of National Defence): May I say, in reply to the hon. member for Dartmouth-Halifax East (Mr. Forrestall), that there is little I can add to what the minister told the Standing Committee on External Affairs and National Defence on April 27, two weeks ago, when responding to a question based on a newspaper article concerning the reserve forces.

Mr. Forrestall: He was responding to Doug Rowland's question.

Mr. Comtois: To say the least, the article was rather misleading in its use of statistics and in the conclusions which were reached. It is alleged that the reserve force dropped by some 22 per cent in two years. In December, 1969, the then minister of national defence announced a change in the authorized ceiling for the reserves to 23,200, this figure to include the militia, naval and air reserves. As of August, 1971, total reserve force strength was 20,950.

Two weeks ago the Minister of National Defence (Mr. Benson) advised the committee that the department was examining the question of the reserve forces and was developing plans concerning such matters as equipment, uniforms, training and pay.

Mr. Forrestall: Pay is important.

Mr. Comtois: As the hon. member knows, elements of the militia were training a few weeks ago with the Canadian airborne regiment in Jamaica.

Mr. Forrestall: Sixty out of 22,000.

Mr. Comtois: He will be interested to learn, also, that some 500 militiamen from across Canada will be training in Europe with the 4th Canadian mechanized battle group this summer. The first elements of this group will be departing for Europe in a week's time. Finally, it is planned that the deputy chief of operations and reserves will be appearing before the committee on May 30 to assist members in dealing with the subject of the reserve forces. Any questions of detail will be answered at that time.

HOUSING—SUGGESTED INCREASE IN FUNDS FOR HOUSING FOR INDIANS

Mr. Mark Rose (Fraser Valley West): Mr. Speaker, some two weeks ago I directed the following question to the Minister of Indian Affairs and Northern Development (Mr. Chrétien):

Bearing in mind the interest taken in low-income groups as far as housing is concerned—

I believe there had been a good deal of propaganda in connection with the government's interest in low-income housing development.

—I should like to ask the member of the government who is replying for the Minister of Indian Affairs and Northern Development whether it is intended to increase government assistance toward the funding of housing for Indians. I ask this question in the light of the article by Mr. Stan Bailey in the *Globe and Mail* last Saturday calling attention to the frustratingly limited resources available for Indian housing at the moment.

• (2210)

The Prime Minister (Mr. Trudeau), who responded on behalf of the Minister of Indian Affairs and Northern Development who was absent at that time, said he would ask the minister to look into it. I have been waiting almost a month and have not had a response from the Minister of Indian Affairs and Northern Development. Since there has been no reply from the minister, whom I feel should be titled perhaps minister of Indian development and northern affairs, I raise the question again tonight.

I believe that of all the low-income groups in Canada, the Indians and Métis are among the lowest. However, I was appalled by the story that appeared in the *Globe and Mail* for April 24 last under the byline of Canadian Press. It was headlined, "Indians told to look elsewhere for

funds", and datelined Sudbury, Ontario. I quote briefly from the article:

A spokesman from the federal department of Indian affairs told delegates to an Indian conference here they should look elsewhere for housing funds and not rely solely on the department.

Stan Bailey, housing finance and winter works programs liaison officer for the department, told representatives from 24 reserves the department has "frustratingly limited" resources.

Mr. Bailey was addressing 40 representatives of reserves in the Robinson-Huron treaty area who met here during the weekend.

He said the department has just over $3 million to spend this year on new Indian housing projects throughout the province. He was responding to Indian chiefs who complained of inadequate housing, a lack of public financing for housing and a large backlog of housing construction requests.

The article goes on, but I do not have the time to quote from it at length, in addition to which quoting from newspaper articles is a dull business anyway. I am interested in what might be done about this question. If Indian affairs does not have the necessary funding, why is it necessary to depend entirely on Indian affairs for this amount of housing assistance for our native people? It seems to me that the very fact we have an Indian affairs department at all tends to set the native people apart. They are people and they are Canadians, and I do not see any real reason for not financing their housing needs through CMHC, as well perhaps as other needs such as health care.

Section 15 has been used extensively throughout Canada. It provides loans up to 95 per cent for housing for other Canadians. These loans are provided to non-profit societies, old age pensioner groups, service club sponsored groups and Legion sponsored groups. Certainly our Indian and Métis groups and associations qualify as non-profit societies. I suggest to the minister that he urge the government, in caucus if necessary, to let our native peoples participate in CMHC loans and amend section 15 so that loans up to 100 per cent of project cost could be made to them, making the federal contribution in cash up to 10 per cent of project cost, thus matching the provinces.

From time to time I attend the opening of large, senior citizen high-rise developments to which there is usually a triple contribution, even a quadruple contribution—the municipality, perhaps a service club, the federal government and the provincial government. Invariably I am embarrassed by the total grant provided by the provincial government and the loan, with up to 35 years to pay, provided by the federal government. The date of the loan is of significance. If you happen to have a loan dated four days before a neighbouring municipality's loan, the interest rate for which is half a per cent higher, this means an additional $10 a month rental of the suites. Therefore, I suggest it would be really worth while if 100 per cent loans could be provided, with 10 per cent in cash matching the provincial contribution, and that the loans be not only for senior citizen housing but housing that is desperately needed by native people.

Another suggestion I would make is that whether it be a grant or whether it be a loan, it is the people's money. Even if the loan is financed over 35 years, it will be Canadians who will repay the loan. Another suggestion of merit is to make subsidized interest rates available to substandard housing on reserves.

An hon. Member: And to replace the government.

Mr. Rose: We will have to wait a couple of weeks for that. We should make subsidized interest rates on substandard housing available on Indian reserves. Most provinces are willing to make direct grants to support this kind of project. Why not extend it to Indian reserves and co-operatives throughout the country?

The Acting Speaker (Mr. Boulanger): Order, please. I recognize the Parliamentary Secretary to the Minister of Finance (Mr. Buchanan).

Mr. Rose: I have not finished, Mr. Speaker.

Mr. Knowles (Winnipeg North Centre): Oh, yes, you have.

Mr. Judd Buchanan (Parliamentary Secretary to Minister of Finance): Mr. Speaker, the government has for some time now been taking various steps to increase government assistance toward the funding of housing for Indians. During the fiscal year 1972-73, over $23 million will be spent on Indian housing, improvements and services. Over 12,000 houses have been built since 1965-66 when the Indian housing program was begun, and over 2,000 houses are expected to be built in 1972-73. During the past year a number of Indian band councils approached the department regarding guarantees by the minister in respect of loans for housing projects. When such proposals are viable, the minister's guarantee is given.

In 1971, for example, one Indian band obtained a loan of $194,000 from CMHC, repayment of which was guaranteed by the minister. Rents will be charged by the housing committee on a graduated rent to income scale. The units will be fully equipped and services will be provided. As the annual operating, maintenance and amortization costs will substantially exceed the amount the housing committee expects to recover from rental charges, the minister has agreed to pay the annual shortfall.

Officers of the Department of Indian Affairs and Northern Development are currently negotiating with officers of CMHC in an effort to work out ways and means whereby borrowing arrangements for construction of houses on Indian reserves may be of greater assistance to Indian people. One of the objectives of these negotiations is an arrangement whereby Indian borrowers in the low income brackets would be entitled to lower interest rates.

The department also administers an off-reserve housing program whereby Indian people can obtain from the department second mortgage loans, based on the amounts of their income, and first mortgage loans from CMHC or approved lenders. If the first mortgage instalments are paid regularly, second mortgage payments are forgiven at the rate of 10 per cent per year over a 10-year period. It is my understanding that in a number of provinces reservations are using the $8,000 per unit allocation they receive as the down payment and getting the balance from the CMHC, and thus are able to build substantially more homes than they would with the basic $8,000 per year grant they are getting.

Proceedings on Adjournment Motion

GRAIN—WHEAT, OATS AND BARLEY—ACTION TO INCREASE PRICES TO FARMERS

Mr. Paul Yewchuk (Athabasca): Mr. Speaker, my comments are related to a question I asked of the minister responsible for the Wheat Board (Mr. Lang) a few days ago and the fact that the final realized price to the Canadian farmer for wheat, oats and barley has been the lowest in the past ten years. I have before me the annual report of the Canadian Wheat Board for 1970-71. On page 18 appears a schedule of Canadian Wheat Board payments for No. 1 Northern wheat. It shows that in 1970-71 the price was $1.67 per bushel, the lowest in the past 12 years. The next lowest was in 1955-56. At that time the price was $1.58 a bushel.

• (2220)

With the government which came into power at that time, the price slowly climbed to a maximum of $1.97 at the time the government was turned out. Since then there has been a little fluctuation at about that level, and then a general decline to the present level. For oats, the final realized price per bushel was 60 cents. That is definitely the lowest price since the 1959-60 crop year and probably the lowest for the previous ten-year period although I do not have the figures to justify such a statement. For barley in the crop year 1970-71, the final realized price was $1.01 per bushel. The only time it was lower in the past ten years was in the crop year 1969-70.

I wish to bring these figures to the attention of the House and the minister because the minister has been running around the country spraining his wrist through patting himself on the back for doing such a tremendous job for the western farmers in selling wheat.

Mr. Pepin: And the farmers have been patting him on the back.

Mr. Yewchuk: They have not, because they have been starving.

Mr. Pepin: They recognize value.

Mr. Yewchuk: I recognize value when I see it, and I have not seen value in the grain market in the past couple of years. Another matter I want to mention is the volume sold in the past ten years. The Minister of Industry, Trade and Commerce (Mr. Pepin) seems to imply that the volume of sales has been tremendous. I want to point out that the highest volume of wheat exported from Canada was in 1963 at the termination of the Conservative rule. At that time it was 594.5 million bushels. The highest it has been since that time was in 1966. It has been fluctuating, with a steady decline until the 1970-71 crop year when the volume was 435 million bushels, which is still nowhere near the maximum figure established in 1963 after the efforts of the government of the party to which I belong.

I wish to bring these points to the attention of the House because the farmer in the west, as well as in the east and in the central part of the country, is faced with ever increasing costs of production and an ever decreasing gross return as well as net return on his production.

This annual report also shows that the farmer has tried to compensate by increasing the number of acres on the

[Mr. Buchanan.]

farm and also by increasing very significantly the productivity of those acres. In other words, the farmer has made his operation more efficient. However, the net result is still an ever declining net income when his costs are paid at the end of the year. The only significant response from the government to this problem has been to encourage the removal of the farmer from the farm. What better way is there to try to do something about the continual problem than to destroy the farm completely and remove the man from the land so that you do not have to worry about his problems? This is what has been happening.

I could cite an area in my constituency covering a radius of 100 or 150 miles in which only six years ago there were 800 farms, while there are now only 400 farms in the area. What is happening? It is impossible to continue farming under the policies of this government. The farmers are being forced to leave the land and go to other places in order to try to find jobs, new housing and in some cases to re-educate themselves. This creates a host of new problems for a family, problems which sometimes are difficult to overcome.

I think we can be quite critical of this government, with some justification, because they have failed in two spheres. They have failed to do anything about the cost of production; in other words, they have failed to do anything to bring down the cost of machinery and the cost of its operation. Even though the Barber commission made some fairly good recommendations, none of them were implemented and the cost of the overhead to the farmer continues to climb.

The other aspect that was not considered was an increase in the price a farmer receives for his products. If we look at the cost per bushel which farmers receive in the United States, France, the European Common Market and other countries, we see that it hovers pretty close to $3 a bushel. I know that the parliamentary secretary will say that the two-price system is in effect. That is fine, but it applies only to about one-quarter of the production of Canadian wheat and it does not have the effect, in the long-term, for which we are looking.

I hope the parliamentary secretary does not dwell too long on the two-price system, and I hope to hear him say what will be done to increase the net income to the farmer.

Mr. Albert Béchard (Parliamentary Secretary to Minister of Justice): Mr. Speaker, in the addenda to the annual report of the Canadian Wheat Board for the 1970-71 crop year there are a number of statistical tables, three of which set out the payments to producers for wheat, oats and barley, showing such payments in the case of wheat for the past 22 crop years. The average final payment for wheat in the 1970-71 crop year is by no means the lowest final payment in the last ten to 20 years.

The 1970-71 oats pool account has not yet been closed, so that it is not possible to make a comparison in this case. While the 1970-71 barley pool account had a deficit, it should be noted that there was an adjustment payment of 10 cents per bushel made by the federal government additional to the initial payment announced by the government for that crop year. The government has announced

an increase in the level of initial payments on barley for the 1971-72 crop year.

It should also be noted that the government has introduced a two-price wheat program payment under which payments amounting to approximately $57 million have already gone out to grain producers in western Canada and the balance of which will be distributed to other wheat producers in the near future. The government is most concerned with shielding producers from the fluctuations which occur from time to time in the marketplace. It has already expressed its intent to develop the grain receipts stabilization plan which would take account of the downward swing in prices which occur in periods of world oversupply. Such a scheme offers the best protection to producers against depressed prices.

Additionally, the government is keen to achieve co-operation in international grain marketing in order to effect a level of prices which reflects a fair return to producers. Again, the government has established a market development fund of up to $10 million, the major portion of which will be directed toward the expansion of markets for Canadian grain. Finally—and I do not want to enter into an argument with my hon. friend—grain exports were at a record level for the 1970-71 crop year and there is every indication that this level will be exceeded for the current crop year.

The Acting Speaker (Mr. Boulanger): Order, please. The motion before the House is now deemed to have been adopted. Accordingly, the House stands adjourned until tomorrow at 11 a.m.

Motion agreed to and the House adjourned at 10.30 p.m.

HOUSE OF COMMONS

Friday, May 12, 1972

The House met at 11 a.m.

ROUTINE PROCEEDINGS

TRADE

IMPOSITION BY UNITED STATES OF COUNTERVAILING DUTY ON MICHELIN TIRES—REQUEST FOR UNANIMOUS CONSENT TO MOVE MOTION UNDER S.O. 43

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, I rise to move a motion under Standing Order 43. This motion arises out of the revelation yesterday that the United States government is planning to apply countervailing duties against tires exported to the United States by the Michelin Tire Company of Canada. Such action could lead not only to a further major disruption of the Canadian tire industry in central Canada by causing Michelin to dump all their tires on the domestic market but, beyond that, to the complete undermining of the Department of Regional Economic Expansion's programs in eastern Canada and elsewhere, whose success is largely dependent on the availability of the U.S. export market.

Mr. Speaker: Order, please. I assume the hon. member will now indicate what the motion is that he proposes for consideration by the House.

Mr. Broadbent: I will do so right now, Mr. Speaker. I was just coming to the motion.

Therefore I move, seconded by the hon. member for Brant (Mr. Blackburn):

That at the next sitting of this House the Minister of Regional Economic Expansion make a statement on motions which will indicate what the government intends to do to cope with the very serious situation.

Mr. Speaker: The House has heard the motion proposed by the hon. member. Under the terms of Standing Order 43 it requires the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

Mr. Speaker: There is not unanimity; therefore the motion cannot be put.

• (1110)

OIL

ISSUANCE OF PERMIT BY UNITED STATES FOR ALASKA PIPELINE—REQUEST FOR UNANIMOUS CONSENT TO MOVE MOTION UNDER S.O. 43

Mr. Barry Mather (Surrey-White Rock): Mr. Speaker, I wish to move the following motion under the terms of Standing Order 43:

In view of U.S. Interior Secretary Morton's decision to permit construction of an oil pipeline in Alaska to carry oil to giant tankers for shipment along the coast of British Columbia involving inevitable spillage of oil and the desecration of our western waters and beaches, that this House urge the Prime Minister to make direct and immediate representations to the President of the United States urging a reconsideration of the decision to permit pipeline construction.

Mr. Speaker: Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

Mr. Speaker: The motion cannot be put.

POSSIBLE EFFECTS OF TAPS TANKER ROUTE—REQUEST FOR UNANIMOUS CONSENT TO MOVE MOTION UNDER S.O. 43

Mr. Frank Howard (Skeena): Mr. Speaker, pursuant to Standing Order 43 I seek consent to move a motion, seconded by the hon. member for Vancouver-Kingsway (Mrs. MacInnis), arising out of the decision of the United States Department of the Interior to grant a licence to construct a pipeline in Alaska and, consequential upon that, to move oil by tanker down the west coast. There is an urgent and pressing necessity for this country to attempt to determine, first, what the opinion of the public is and, hopefully finding it opposed to this route, to thus attempt to consolidate it. I would therefore move:

That the Standing Committee on Fisheries and Forestry be authorized immediately to travel to British Columbia for the purpose of hearing witnesses regarding the proposed oil tanker route from the State of Alaska to the State of Washington and that the necessary staff do accompany the said committee.

Mr. Speaker: Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

Mr. Speaker: The motion cannot be put.

Mr. Howard (Skeena): Mr. Speaker, am I to understand that the government has scuttled this proposal as well as the other one?

Mr. Speaker: Order, please.

Inquiries of the Ministry

ORAL QUESTION PERIOD

OIL

PROPOSED MACKENZIE VALLEY PIPELINE—DECISION OF GOVERNMENT TO ACCEPT CONSTRUCTION APPLICATIONS

Hon. Robert L. Stanfield (Leader of the Opposition): Mr. Speaker, I should like to ask a question of the Acting Prime Minister. In view of the statement made outside the House in another city by the Minister of Indian Affairs and Northern Development that the government is ready at any time to accept applications for building pipelines from the Arctic down the Mackenzie Valley, I should like to ask the Acting Prime Minister when it became government policy to accept such applications at any time.

Hon. Arthur Laing (Acting Prime Minister): Mr. Speaker, as the hon. gentleman knows, there have been a series of studies of the ecological requirements. We have spent a great deal of money and a great deal of time as well as a great amount of human resources on such studies. We have come to the conclusion that at the present time these studies have proceeded to the point where we are prepared to extend an invitation to corporations or government agencies to build a pipeline in that area on the basis that we can thereafter establish the necessary requirements in respect of the ecological necessities based upon the studies we already have.

Mr. Stanfield: May I ask the Acting Prime Minister when the government reached the decision that the ecological studies have proceeded far enough that the government is now prepared to receive such applications in view of the repeated statement by the Minister of Energy, Mines and Resources in the House that the government expected to be in a position to receive such applications by the end of the year?

Mr. Laing: I think the Minister of the Environment might answer this question more capably than I.

Mr. Howard (Skeena): Or any other question.

Hon. Jack Davis (Minister of the Environment): As the hon. member knows, we do have a three-year study under way costing approximately $13 million—

Mr. Lewis: $15 million.

Mr. Davis: —which began 18 months ago. As the Minister of Energy, Mines and Resources has said, we believe that by this fall we will have enough background information to prepare ecological maps for the north. We will not have all the information we need by this fall but we think we will have sufficient information to reach definitive conclusions as to pipeline routing in 1973. Meanwhile, of course, the oil and gas companies are themselves collecting a great deal of biological and other information which they will include in their submissions when they apply to the National Energy Board.

Mr. Stanfield: Perhaps the Acting Prime Minister could explain to the House how it is that the new position taken by the government of Canada, of which we heard for the first time yesterday, that it is now prepared to receive applications for an oil line down the Mackenzie Valley has only been announced after the United States announced that it is going to authorize construction of the Alaska pipeline involving shipment down the west coast. Would the minister try to give some explanation in reply to that question?

[Mr. Speaker.]

Mr. Laing: Mr. Speaker, I do not agree that the open invitation was extended only after the announcement of Mr. Morton.

Mr. Stanfield: That was the first time we heard of the policy.

Mr. Laing: Included in the letter which the Minister of Energy, Mines and Resources wrote to Mr. Morton was an invitation, because he said there should be no reason why regulatory and governmental considerations could not be given in an expeditious manner commencing with an application filed by the end of this year.

Mr. Stanfield: Yes, by the end of this year.

Mr. Laing: This is indicative and confirms what I have been saying, that the studies we have undertaken thus far indicate to us the requirements that we are going to make when an application is made.

Mr. Stanfield: Tell that to the marines!

Mr. Speaker: Order, please. This is obviously debate at this point. The hon. member for Skeena on a supplementary.

PROPOSED TAPS TANKER ROUTE—ACTION ON RECOMMENDATIONS OF PAISH STUDY RESPECTING POSSIBLE OIL SPILLS

Mr. Frank Howard (Skeena): Mr. Speaker, I wish to direct my question to the Minister of the Environment. Inasmuch as it appears that the United States Department of the Interior has determined that it is favourable to the Alaska pipeline and the tanker route down the west coast and that this route is the one that will be used, can the Minister of the Environment say what steps the government is taking, and when, to put into effect the recommendations of the Howard Paish and Associates study, released by the minister a few days ago, which relate to protecting us from oil spills that might take place?

Hon. Jack Davis (Minister of the Environment): The study to which the hon. member refers makes explicit the threat to Canada of large tankers moving into the inland sea between Vancouver Island and the mainland. We have been working closely with the Department of Transport and with our opposite numbers in the United States to endeavour to establish a scheme to ensure safety of navigation and to deal with oil spills. At the same time we do not want to appear to accept the inevitability of tankers moving into the Puget Sound area. We are determined that this not be the case.

Mr. Howard (Skeena): The minister very adroitly evaded the question. I asked him what steps he is taking to prepare for putting into effect the recommendations of

that particular study? Are we making any plans internally within the structure of the Canadian government, or is everything going to depend on what decisions are reached in conjunction with the United States?

Mr. Davis: We have our own plans and, as the hon. member knows, we have what might be called a crisis management organization in the Department of the Environment.

Some hon. Members: Oh, oh!

Mr. Baldwin: There is lots of room for that.

Mr. Fairweather: Have you got one for the government?

Mr. Davis: In other words, we are co-ordinating not only the studies of a preventive nature but also with respect to possible oil spills in the Puget Sound area. But as I said before, Mr. Speaker, we do not want to accept the idea or give an indication that we accept the idea that tankers will be coming into that area.

• (1120)

Mr. Speaker: Order, please. I suggest to hon. members that we really are getting into a debate on this subject. We might return to the matter in a short while. For the moment the Chair will recognize the hon. member for York South.

* * *

TRADE

UNITED STATES DISC PROGRAM—REQUEST FOR LIST OF AMERICAN COMPANIES MAKING USE THEREOF

Mr. David Lewis (York South): Mr. Speaker, I should like to ask the Minister of Industry, Trade and Commerce some questions arising out of the statement he made yesterday that approximately 1,500 United States companies have registered under DISC. During the statement he mentioned only three, namely, Ford, General Motors and Chrysler, whose names had already appeared in the press. Would he inform the House whether he has information about the names of other U.S. firms which have registered under DISC, that is, of the 1,500 he mentioned yesterday and, if so, would he undertake to table a list of the names of such firms?

Hon. Jean-Luc Pepin (Minister of Industry, Trade and Commerce): Mr. Speaker, yes, indeed, we have other names of United States companies that are establishing DISC companies at this time. We get this information sometimes through Canadian subsidiaries of these U.S. companies. As I reported already to the House, we are trying to devise a system by which we would ask for identification of these companies when they export goods to Canada. I will look into the suggestion made by the hon. member as to the publication of the information we have.

Mr. Lewis: Mr. Speaker, would the minister inform the House what it is that he has to look into? If he has names, as he has said he has, would he tell the House why he could not directly undertake to give that information to members of parliament and to the people of Canada?

Mr. Pepin: Mr. Speaker, to be frank, the United States government does not appear to be very keen to publish the names of these companies.

Some hon. Members: Oh, oh!

Mr. Diefenbaker: Why?

Mr. Pepin: I prefaced my answer by saying, to be absolutely frank on the subject—

Mr. Diefenbaker: Why are you so considerate of them?

Mr. Pepin: Second, Mr. Speaker, the information that we get is only hearsay some of the time. As I indicated yesterday, in analysing the situation with respect to U.S. automobile companies, there is a substantial margin of nuances in the different cases. You have companies, as I indicated yesterday, that have formed DISC's and are using them. Others have formed DISC's but do not know exactly what they are going to do, and there are others that have not applied at all. I would be afraid of providing inadequate information.

Some hon. Members: Oh, oh!

Mr. Pepin: Mr. Speaker, I am trying to do a responsible job. If hon. members on the other side would like to be irresponsible, that is their choice.

Mr. Lewis: Mr. Speaker, I suggest to the minister that it is not responsible to keep parliament and the people of Canada in the dark.

Some hon. Members: Hear, hear!

Mr. Lewis: That is cowardice rather than responsibility.

Mr. Speaker: Order, please. The hon. member will appreciate that he was recognized for the purpose of asking a question.

Mr. Lewis: In view of the fact that this development in the DISC program holds out a very serious threat to the jobs of Canadian workers and to production in many areas in this country—electrical, petrochemical and others—what steps is the government taking now to obtain the necessary information both from Canadian companies that are subsidiaries of U.S. companies and from the United States department itself? Surely Canada is entitled to know who is going to cut its throat.

Mr. Speaker: Order, please. The hon. member's question has developed into an argument, but perhaps we might allow the minister to reply to that part of the hon. member's statement which was a question.

Mr. Pepin: Mr. Speaker, when I hear my friends of the NDP moralizing, I always think of that man in the Bible who said "I thank God that I am not like other men".

Some hon. Members: Hear, hear!

Mr. Speaker: Order, please.

Inquiries of the Ministry

Mr. Lewis: Mr. Speaker, I rise on a point of order. I do not care what part of the Bible the minister cites or quotes from but he might also read Shakespeare and learn that the evil that men do lives after them except that it is—

Mr. Speaker: Order, please. If the hon. member has a point of order, perhaps he might indicate what it is. We are obviously going nowhere fast.

Mr. Lewis: What I want to indicate, Mr. Speaker, is that when we ask questions of the minister he can make his childish political cracks if he likes—

An hon. Member: Order.

Mr. Lewis: —but he ought also to try to answer questions if, as the minister says so self-righteously, he is responsible.

Mr. Speaker: Order, please. The hon. member for Peace River.

* * *

ELECTIONS

REQUEST THAT PROPOSED BILL ON EXPENSES BE SUPPLIED TO MEMBERS

Mr. G. W. Baldwin (Peace River): Mr. Speaker, I have a question for the Acting Prime Minister or the acting government House leader. In light of the fact that the Prime Minister yesterday deliberately blurted out details of a bill which has just been approved in cabinet with regard to election expenses, can the Acting Prime Minister or the acting government House leader indicate when parliament will be allowed to see that bill? In view of the fact the Prime Minister said not long ago that the bill would not be presented because it would take too long to put through at this session, can any indication be given to the House of how much time the government intends to devote to the passage of this bill?

Hon. Arthur Laing (Acting Prime Minister): Mr. Speaker, the Prime Minister made note last night, I think, in a speech to a group of people that it was the intention of the government to bring forward a bill dealing with election expenses. He gave no details of any kind. I would expect that the bill would be presented to the House some time next week.

Mr. Baldwin: Could the Acting Prime Minister find out and let the House know soon how long it is expected it will take to pass this bill in light of the Prime Minister's statement and whether it is going to take priority over the legislation dealing with foreign investment?

Mr. Laing: Mr. Speaker, I would think that the length of time taken by the bill would depend upon the people who sit on the opposite side of the House.

Mr. Speaker: Order, please. I recognize that there are supplementaries to the previous question. I was under the impression that the hon. member for Peace River was rising on a supplementary. Before returning to the previous subject the Chair will recognize the hon. member for Compton.

[Mr. Speaker.]

* * *

[*Translation*]

TRADE

VISIT OF JAPANESE INDUSTRIALISTS—ASSISTANCE TO CANADIAN BUSINESSMEN IN MAKING CONTACT

Mr. Henry Latulippe (Compton): Mr. Speaker, I wish to put a question to the Minister of Industry, Trade and Commerce.

Since a group of Japanese are presently visiting Canadian cities to buy Canadian products or to study the possibility of associating with Canadian firms and develop products for markets, does the minister intend to resort to publicity to enable Canadian businessmen to meet these Japanese industrialists?

Hon. Jean-Luc Pepin (Minister of Industry, Trade and Commerce): Mr. Speaker, the executives of three important Japanese firms have been touring Canada and met industrialists with whom they hope to do business. I do not think that people in general are interested in meeting them but should there be any businessmen who have not yet been contacted they only have to advise my department and we will do our utmost to accommodate them. In any case, this is what is being done at the present time.

[*English*]

ALLEGED LACK OF AGGRESSIVENESS IN MAKING SALES IN CZECHOSLOVAKIA—ACTION TO RECTIFY

Mr. H. W. Danforth (Kent-Essex): Mr. Speaker, I should like to direct a question to the Minister of Industry, Trade and Commerce regarding the public criticism by Czech officials of our lack of sales aggressiveness as a nation in their country. Can the minister indicate whether there have been similar criticisms from other nations and whether the department is taking immediate steps to rectify this very serious situation?

• (1130)

Hon. Jean-Luc Pepin (Minister of Industry, Trade and Commerce): Mr. Speaker, you will never achieve perfection when it comes to eagerness in promotion. That kind of remark is often made and I have made some observations myself in the same vein. With respect to Czechoslovakia—I take it the hon. member is asking about Czechoslovakia—70 per cent of the trade of that country is with other socialist countries. The five-year plan anticipates that a little less than 50 per cent will be in that direction, so obviously the room for western industrial countries is limited. We are doing our best to promote Canadian goods there, especially with the new trade promotion measures announced recently. If the hon. member has any suggestions I will be delighted to look at them.

Mr. Danforth: As it is government policy to send representations and demonstrations to trade fairs and as Czechoslovakia has indicated that it would welcome such a presentation by Canadian industry in Czechoslovakia, will consideration be given to putting Czechoslovakia on the list?

Mr. Pepin: Mr. Speaker, each year we participate in a number of fairs which we select on the basis of the benefits they could bring to Canada. In the last few weeks I have announced a new program, as the hon. member knows under which my department will pay 50 per cent of the costs of single companies which participate in fairs in which the Canadian government does not take part. This should encourage those companies which are interested in going to specialized fairs.

* * *

EXPLOSIVES ACT

SUGGEST DEFERRAL OF AMENDING BILL UNTIL NEXT SESSION IN LIGHT OF OPPOSITION BY CERTAIN ORGANIZATIONS

Right Hon. J. G. Diefenbaker (Prince Albert): Mr. Speaker, may I direct my question to the Acting Prime Minister in the absence of the Minister of Energy, Mines and Resources who ought to be present, according to the roster, but is absent except in spirit. In view of the legislative program in general now before the House and the strong opposition that has been voiced by organizations such as the Winnipeg Game and Fish Association and the Manitoba Wildlife Association, as well as by Mr. Murray McMaster, president of the 16,000 member Saskatchewan Wildlife Federation to Bill C-7 amending the Explosives Act, would the Acting Prime Minister suggest to the minister that, in view of the strong opposition of at least 35,000 sportsmen on the Prairies to this bill which they would consider to be an infringement upon their rights as free citizens and sportsmen, this bill might be put off until the next session of a new parliament.

Mr.Speaker: Order, please. The Acting Prime Minister may, of course, reply to the question, but I take the liberty of bringing to the attention of the right hon. member and of hon. members that the question deals, of course, with a bill now before the House which has received and is receiving consideration. This should not preclude the Acting Prime Minister from replying to the hon. gentleman's question.

Hon. Arthur Laing (Acting Prime Minister): Mr. Speaker, I would say that the right hon. member has the capacity for making very impressive representations, and this one will be taken into account as well.

Mr. Diefenbaker: Mr. Speaker, I cannot pass that up without saying that the hon. gentleman has proven that he makes a very good Acting Prime Minister.

* * *

ENVIRONMENTAL AFFAIRS

STEPS TO PROTECT THOMPSON AND FRASER RIVER VALLEYS FROM FLOOD THREAT

Mr. Len Marchand (Kamloops-Cariboo): Mr. Speaker, I have a question for the Minister of the Environment. In view of the very serious threat of floods in the Fraser and Thompson River valleys—snowpacks indicate potentially worse floods than have occurred at any time since records have been kept—can the minister advise the House whether he is watching the situation and whether his department and/or other government departments are ready to take any necessary action?

Mr. Baldwin: Of course the government is ready. It will pass a bill.

Hon. Jack Davis (Minister of the Environment): Mr. Speaker, I can assure the hon. member that our water management people are keeping an eye on the situation and that we are in close contact with the provincial government. I might also add that the runoff situation is not necessarily as formidable as the hon. member has suggested. Much will depend on temperatures, winds, etc. over the next few weeks.

ADEQUACY OF FLOOD PREVENTION MEASURES IN LOWER FRASER RIVER VALLEY

Mr. Barry Mather (Surrey-White Rock): Mr. Speaker, may I direct a supplementary question to the Minister of the Environment. Can he say whether he is satisfied with flood prevention measures so far taken, particularly as they affect the lower part of the Fraser River and Fraser Valley?

Mr. Speaker: Order, please. The hon. member knows there is some procedural difficulty in a question merely asking a minister whether he is satisfied with the status of a situation. The minister will be allowed to reply, but I do not really think that this is a proper form of questioning.

Hon. Jack Davis (Minister of the Environment): Mr. Speaker, we are not entirely satisfied. There is a diking program under way which will not be completed for several years. Until it is complete we will not have an adequate insurance policy to cover flooding in the lower Fraser Valley. We are, however, working closely with the province. We have contacted the provincial authorities with regard to an imminent flood. Their answer really is: Don't call us; we will call you if we are in difficulty.

* * *

NATIONAL REVENUE

REQUEST FOR INVESTIGATION OF POSSIBLE DUMPING BY U.S. FIRM SELLING SALT IN CANADA

Mr. Rod Thomson (Battleford-Kindersley): Mr. Speaker, my question is directed to the Minister of National Revenue. Inasmuch as the Department of Supply and Services awarded a salt contract to an American firm in preference to awarding it to Canadian suppliers, and as the price lists of the American salt company which received the contract indicate that the company is offering salt for sale in Canada at prices which constitute dumping, will the minister cause an inquiry to be made into whether the said salt supplying company is guilty of dumping and whether the Department of Supply and Services purchased American salt in preference to Canadian salt at prices which constitute dumping?

Inquiries of the Ministry

Hon. Herb Gray (Minister of National Revenue): Mr. Speaker, I have taken note of the hon. member's representation and will see that my officials have the matter he has raised looked into.

* * *

YOUTH

OPPORTUNITIES FOR YOUTH PROGRAM—REQUEST FOR INVESTIGATION INTO GRANT TO PROJECT IN TOWN OF SIMCOE

Mr. William Knowles (Norfolk-Haldimand): Mr. Speaker, my question ought to be directed to the Secretary of State but in his absence may I direct it to the Acting Prime Minister. Will he be so kind as to investigate a grant of $7,765 under the Opportunities for Youth program to a project in the town of Simcoe? One of the objects of the project is the publishing of an underground newspaper, a copy of which I have here, and the language is such that it could not be read in the House of Commons.

Some hon. Members: Oh, oh!

Mr. MacInnis: I will bet the Prime Minister read it.

Mr. Knowles (Norfolk-Haldimand): I exclude such notable exceptions, Mr. Speaker. I ask the minister to have this grant investigated. I have the particulars here but will not take the time of the House to put them on record.

Hon. Arthur Laing (Acting Prime Minister): Mr. Speaker, I will draw the hon. member's question to the attention of the Secretary of State.

Mr. Knowles (Norfolk-Haldimand): Would the minister consult with the Under Secretary of State, Mr. Leger, with whom I have communicated this morning and who has some details on this matter? There is some urgency involved.

Mr. Speaker: Order, please.

* * *

WELFARE

VALIDITY OF POLL CONDUCTED BY "WELFARE SYSTEMS OF THE HOUSE OF COMMONS"

Mr. Mac T. McCutcheon (Lambton-Kent): Mr. Speaker, may I direct my question to the President of the Treasury Board. I apologize for not having given him notice of it. May I ask, is there any government organization called "Welfare Systems of the House of Commons" which claims to have a mandate to poll various people who are receiving welfare assistance? I ask this question in view of requests to my office regarding the validity of this so-called poll.

Hon. C. M. Drury (President of the Treasury Board): Mr. Speaker, I think the hon. member will understand that this does not fall under my jurisdiction, but I might say that personally I am not aware of any such organization.

[Mr. Thomson.]

Mr. McCutcheon: I wonder whether I could impose on the good offices of the minister and ask him to investigate this problem?

Mr. Speaker: Order, please. Of course that is a representation.

* * *

[*Translation*]

PUBLIC ORDER

DISTURBANCES IN QUEBEC—DISCUSSION RESPECTING INTERVENTION OF ARMED FORCES

Mr. Roch La Salle (Joliette): Mr. Speaker, I should like to ask a question of the Minister of National Defence.

Because of the rather special situation now prevailing in Quebec could the minister tell us if the Quebec government has contacted him or his government and if negotiations were entered into for the intervention of armed forces should this prove necessary?

[*English*]

Hon. E. J. Benson (Minister of National Defence): No, Mr. Speaker.

[*Translation*]

Mr. La Salle: Mr. Speaker, under the circumstances, is the minister ready to co-operate with the Quebec Minister of Justice and give him the necessary assistance in due course?

[*English*]

Mr. Benson: Mr. Speaker, before the government of Canada can use the armed forces there has to be a request from the province.

Mr. Peters: Do not use the War Measures Act again.

• (1140)

Mr. Paul Yewchuk (Athabasca): I have a supplementary question, Mr. Speaker. I want to ask the Acting Prime Minister whether reinstatement of the War Measures Act in Quebec is being contemplated?

Some hon. Members: Oh, oh!

* * *

FISHERIES

FISHERIES COUNCIL RECOMMENDATIONS RESPECTING ESTABLISHMENT OF INTERNATIONAL SECTION AND ON FISHING ZONES

Mr. Lloyd R. Crouse (South Shore): Mr. Speaker, I wish to direct my question to the Minister of Fisheries. In view of the complex problems at present facing the fishing industry at the international level, is the minister giving any consideration to establishing as a priority item an international fisheries section within the department because of the increasing involvement of international laws and negotiations with the Canadian fishing industry, as recommended to him by the Fisheries Council of Canada?

Hon. Jack Davis (Minister of Fisheries): Mr. Speaker, I think the fishing industry recognizes that our approach to offshore problems on a wide front, including pollution and conservation of the living resources of the sea, is really paying off and that this is consistent with the recommendations of the Council. Fisheries matters cannot be separated from environmental matters.

Mr. Crouse: Will the minister be taking any action on the recommendation of the Fisheries Council of Canada that Canada formally withdraw recognition of jurisdiction of the International Commission for the North Atlantic Fisheries over exclusive Canadian fishing zones since ICNAF is setting quotas inside Canada's 12-mile limit?

Mr. Davis: Mr. Speaker, I would be surprised if ICNAF had any authority in our own exclusive fishing zones. As the hon. member knows, these zones have been extended in recent years. In our international discussions we are concerned with catches outside our own exclusive fishing zones, outside the Gulf of St. Lawrence, for example.

Mr. Speaker: I believe the hon. member for York South has a supplementary to the previous question. If not, the Chair will recognize the Leader of the Opposition and then the hon. member for York South.

* * *

OIL

PROPOSED MACKENZIE VALLEY PIPELINE—DECISION OF GOVERNMENT TO ACCEPT CONSTRUCTION APPLICATIONS—SETTLEMENT OF LAND CLAIMS OF NATIVE PEOPLE

Hon. Robert L. Stanfield (Leader of the Opposition): Mr. Speaker, I wish to question the Acting Prime Minister a little further with regard to the sudden about-face in connection with the pipeline in the north. Does the decision to accept applications mean that the government has decided there are no land claims of the native people that require settlement or does it mean they have been settled? I ask this question because when the Minister of Indian Affairs and Northern Development was questioned as recently as May 1, he said: These questions are hypothetical; nor have we decided whether a pipeline will be built or not, but we certainly hope one will be built. Now that the government has decided to accept applications and has decided in principle that a pipeline will be built, can the Acting Prime Minister state what this indicates as far as native claims are concerned?

Hon. Arthur Laing (Acting Prime Minister): Mr. Speaker, an application is still an application. Also, we are dealing here with a corridor as outlined by the Prime Minister in his announcement in Edmonton. The corridor in that area is a very tiny fraction of the area in which the Indian and other native people are involved. I am told that in the case of TAPS in Alaska there are only 20 square miles involved. I would assume from that that there will not be more than 40 or 50 square miles involved in putting a corridor down the Mackenzie Valley. Until we get these things in proper perspective, it is a little out of the way to talk about the rights of people who are scattered throughout the entire area.

Mr. Stanfield: Mr. Speaker, the minister reminds me of the girl who was only a little pregnant. I ask the Acting Prime Minister whether the corridor spoken of by the Prime Minister runs from the Mackenzie River into Alaska.

Mr. Laing: Of course, Mr. Speaker, we have no right to talk about a corridor into Alaska.

Mr. Stanfield: That is right.

Mr. Laing: I find it difficult to answer this kind of question.

Mr. Speaker: Order, please.

Mr. Stanfield: Mr. Speaker, I recognize the difficulty of the Acting Prime Minister or any member of the government answering questions in these circumstances, but I remind the Acting Prime Minister that the government has now decided to accept applications for a pipeline from Alaska.

Mr. Speaker: Order, please. I wonder whether the Leader of the Opposition would agree that this is debate. The Leader of the Opposition might ask a supplementary question, which would ease the task of the Chair.

Mr. Stanfield: Yes, Mr. Speaker. I would even like to ease the task of the government. Having reminded the Acting Prime Minister that the pipeline for which the government is seeking authorization not only runs up the Mackenzie River but across to Alaska, I now ask him whether that means the government has decided there are no significant Indian claims to land in that area or that any such claims have already been settled?

Mr. Laing: Mr. Speaker, one would have to know the geography of that area. There is a flat plain across the Arctic. If American oil were to come by way of the Mackenzie, it would come across that flat plain to the Yukon. The mountain range that would then be encompassed and dealt with would not be the Brooks range, but the British mountains in the territory of the Yukon.

Mr. Stanfield: You have all that information now.

Mr. Speaker: Order, please. The Chair will have to recognize the hon. member for York South. I appreciate that this matter is important, but I am sure it will not be settled between now and the next few days. Supplementaries can be asked at the next sitting of the House. If there is time, I will return to the hon. member for Athabasca.

Inquiries of the Ministry

TRADE

U.S. IMPOSITION OF COUNTERVAILING DUTY ON MICHELIN TIRES ALLEGEDLY BECAUSE OF INCENTIVE GRANTS—REQUEST FOR FURTHER INFORMATION—GOVERNMENT ACTION

Mr. David Lewis (York South): Mr. Speaker, I have another question for the Minister of Industry, Trade and Commerce. In view of reports that the United States intends to impose countervailing duties against Michelin products destined for the United States in part, so the report indicates, because Michelin received grants under DREE, and in view of the fact the reports indicate that similar action is contemplated in Washington against products of other firms that have received or may receive grants under DREE, will the minister give the House any information he has on the subject and also indicate what steps, if any, the government is planning to take to deal with this rather serious threat to Canadian jobs and exports?

Hon. Jean-Luc Pepin (Minister of Industry, Trade and Commerce): Mr. Speaker, the subject is not new. It has been debated between Canadian and American representatives on a number of occasions in the past. We now have a new situation, notice of countervailing. As I said in the House yesterday, there is a period of 30 days after the notice is issued for representations to be made, and further representations will be made by the Canadian government to the United States government in this respect.

Mr. Lewis: May I ask the minister whether his answer confirms the report that these countervailing measures by the United States are not only contemplated against Michelin products but also against the products of other firms receiving grants under DREE?

Mr. Pepin: Mr. Speaker, this is the first I have heard about countervailing against other companies. The subject in recent times has been Michelin. I assume I am now answering questions on behalf of the Minister of Finance who is responsible for tariff matters. I will bring the question to his attention. If he has heard of other companies against which action has been taken, I am sure he will want to inform the House.

* * *

HARBOURS

CHURCHILL—PROGRESS IN EXTENSION OF SHIPPING SEASON

Mr. S. J. Korchinski (Mackenzie): Mr. Speaker, my question is for the Minister of Transport. Has any progress been made with regard to the possibility of extending the season in the port of Churchill so that additional shipping may be arranged out of that port? Also, can the minister indicate in what area, if any, progress has been made?

Hon. Donald C. Jamieson (Minister of Transport): Mr. Speaker, in three areas, I would suggest. First, we have established a port authority largely made up of local residents in Churchill to help us in the preparation of a plan which would involve the technical aspects, that is, dredging, icebreaking and the like. Second, we have our own study going on at the present time of the ice conditions, particularly at the mouth of the river. Third, and perhaps most importantly in terms of getting a short extension of the season which would nevertheless be important, is an invitation which has now been accepted to a key group of insurance underwriters from around the world to visit the area and see what conditions are like. That will be done this summer, as far as I know.

• (1150)

Mr. Korchinski: In light of the fact that studies were conducted three or four years ago which indicated there was a possibility, would the government be prepared, if the marine insurance companies are not willing to lower their insurance premium rates to extend the season, to put its money where its mouth is in order to prove that it is possible?

Mr. Speaker: Order, please. The minister might reply briefly to the question though it sounded more like debate to the Chair.

Mr. Jamieson: Mr. Speaker, it is more like putting its money where the mouth of the river is. The problem is not that simple. We are examining the possibility of working with insurance underwriters, and this is why they are going to the spot to see for themselves.

[*Later:*]

CHURCHILL—SUGGESTED PAYMENT OF EXTRA FREIGHT COST BY GOVERNMENT TO INCREASE SHIPMENTS FROM PORT

Right Hon. J. G. Diefenbaker (Prince Albert): Mr. Speaker, in connection with the extra cost of freight for charter parties through the Churchill port, has any consideration been given by the government to the suggestion, as I recall, by the Hudson Bay Route Association that the government of Canada absorb the extra cost of freight insurance that has to be paid on shipments through Churchill? If that could be done it would greatly increase the volume of shipments of wheat and other products through that port.

Hon. Donald C. Jamieson (Minister of Transport): Mr. Speaker, I think the right hon. member would realize that to give him as full an answer as his question deserves would take a lot of time. A short answer is yes, we have looked at this alternative but we are satisfied, and I think I can also satisfy the right hon. member, that the other two steps have to be taken as well, that is, insurance and the question of water depth.

Mr. Diefenbaker: As well?

Mr. Jamieson: Yes, as well.

TRANSPORT

RAPESEED MEAL—ALLEGED FREIGHT RATE DISCRIMINATION AGAINST WESTERN CRUSHERS

Mr. R. R. Southam (Qu'Appelle-Moose Mountain): Mr. Speaker, my question is also for the Minister of Transport. It is a repeat of the question I put to him on Wednesday relating to discrimination in freight rates affecting the movement of rapeseed meal east and west in Canada. The minister said he would examine the matter and answer later.

Hon. Donald C. Jamieson (Minister of Transport): Yes, Mr. Speaker, and I did. I understand that four appeals have been lodged under the appropriate procedures before the Canadian Transport Commission. If the hon. member is interested in the names, they are the Saskatchewan Wheat Pool, Agra Industries Limited, Co-op Vegetable Oils Ltd. and Western Canadian Seed Processors Limited—that is, western rapeseed crushers. These are all appeals under section 23 of the National Transportation Act. Hearings commenced on April 24 and are still proceeding.

* * *

ELECTIONS

IMPLEMENTATION OF SPECIAL COMMITTEE'S RECOMMENDATIONS IN BILL TO BE INTRODUCED

Mr. Les Benjamin (Regina-Lake Centre): Mr. Speaker, may I return to a matter raised by the hon. member for Peace River and ask the Acting Prime Minister whether or not the legislation that he said would be introduced some time next week concerning election expenses will be based on the recommendations in the report of the special committee on election expenses which submitted its report to the House on June 4 last year? If so, will the legislation include provision for some form of disclosure of contributions, as recommended by that committee?

Mr. Speaker: The hon. member will appreciate that the question anticipates an order. If the Acting Prime Minister wishes to reply briefly to the question he will be allowed to do so, but I have serious doubts as to its procedural acceptability.

Hon. Arthur Laing (Acting Prime Minister): Mr. Speaker, I think the hon. gentleman would want to be kept in a state of anticipation of seeing the bill when it is printed.

Mr. Baldwin: Mr. Speaker, on a point of order, in light of what Your Honour says, with which I agree most thoroughly, there is some problem here because of the fact that the Prime Minister saw fit to disclose some of the provisions of that bill yesterday.

Mr. Speaker: Order, please. I have to bring to the attention of hon. members that we have reached the end of the question period. I understand the right hon. gentleman has a supplementary.

Mr. Diefenbaker: Mr. Speaker, in view of the disclosure made outside the House, which of course is a contempt of parliament—

Mr. Benson: You did it all the time.

Mr. Diefenbaker: It would not be a contempt to the former Minister of Finance because he was used to doing that sort of thing. However, I am speaking to the Acting Prime Minister now. Has the cabinet passed the necessary resolution in order to make possible the introduction of the legislation to which the Prime Minister referred?

Mr. Laing: Mr. Speaker, if we were on the benches opposite, as we were years ago—

Some hon. Members: Order.

Mr. Baldwin: You will be soon.

Mr. Laing: —I would get from the right hon. member the same kind of answer as I am going to give him. I have nothing to say.

Mr. Diefenbaker: That reply just shows how ridiculous was the statement made yesterday by the Prime Minister.

Mr. Speaker: Order, please. Orders of the day.

GOVERNMENT ORDERS

OLD AGE SECURITY ACT

AMENDMENTS RESPECTING ESCALATION OF PENSIONS, RESIDENCE REQUIREMENTS, INCREASE IN GUARANTEED INCOME SUPPLEMENT

The House resumed, from Wednesday, May 10, consideration of the motion of Mr. Munro that Bill C-207, to amend the Old Age Security Act, be read the second time and referred to the Standing Committee on Health, Welfare and Social Affairs.

Mr. Deputy Speaker: Order. Before the Chair recognizes the hon. member for Winnipeg North Centre I might refer to the ruling that I indicated I would make when this matter was before the House on Wednesday last. At that time the hon. member for Humber-St. George's-St. Barbe (Mr. Marshall) proposed an amendment to the motion for second reading of Bill C-207, an act to amend the Old Age Security Act, in the following words:

> This House, deeply conscious of the need to increase the Old Age Security pension so as to reflect the full increase in the consumer price index since January 1, 1967, to date with adjustments to the guaranteed income supplement, is of the opinion that the government should consider the advisability of introducing appropriate amendments to effect such changes to the present limited terms of the bill.

At that time, as recorded at page 2154 of *Hansard*, the Chair indicated that he had certain misgivings about the form of the proposed amendment and suggested that the amendment did not appear to meet the requirements of a reasoned amendment, either in form or in purport. At page 527 of May's Seventeenth Edition three rules are set

down concerning the categories or, better still, the forms of a reasoned amendment. The descriptions of the categories or forms of that kind of amendment are as follows:

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

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

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

The learned author goes on to state:

Such amendments have tended in modern times to become rather stereotyped and are confined generally to the first two categories.

Although category (3), as described by the author, may have become obsolescent in the British House of Commons, a type of that category of amendment continues in our practice under the form of a motion to refer the subject matter of a bill to a committee. Citation 386 of Beauchesne's Fourth Edition makes reference to that.

As stated on Wednesday last, and again in the description of reasoned amendments as found in May, the proposed amendment is not contrary to or opposed in any shape or form to the principle of Bill C-207, nor is it opposed to progress of the bill. It does seem to me that unless some of the conditions which I have outlined are met, the motion proposed by the hon. member for Humber-St. George's-St. Barbe cannot be deemed to be a reasoned amendment. I therefore regret that I cannot accept it.

• (1200)

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, when the first part of my speech on Bill C-207 at the second reading stage was interrupted by the six o'clock adjournment on Wednesday, I was commenting on the way in which the government is exploiting the plight of our senior citizens and at the same time playing fast and loose with the political process. I had intended to bring before the House a number of quotations from the record to show how often this government has said no to any increase in the basic amount of the pension, how often it has said no to putting the escalation on a basis equal to that of the actual increase in the cost of living, and how often it has said no to the restoration of the escalation to the basic amount of the pension. However, partly because both in this debate and in the debate on the budget other members are putting these items from the record on *Hansard*, and partly because there are other things I want to say, I am going to omit the extensive reading of the record that I had planned.

I would simply say that the last occasion, according to my research, when the minister was asked directly if the government was prepared to increase the basic amount of the old age pension was on Thursday, February 24, 1972, as recorded in *Hansard* at page 208. I had put the question to the minister, and *Hansard* records this reply:

Hon. John C. Munro (Minister of National Health and Welfare): Mr. Speaker, there is no intention in this regard, but I would remind the hon. member that the last time we dealt with this matter, about a year ago, we brought in the second largest increase in Canadian history.

[Mr. Deputy Speaker.]

Mr. Knowles (Winnipeg North Centre): Forty-two cents.

Mr. Speaker: Order, please. Orders of the day.

I may add that the last occasion when this House voted on the precise question of escalating pensions according to the actual rise in the cost of living was on Thursday, March 23, 1972, and, as other members have already pointed out, the Minister of National Health and Welfare (Mr. Munro), the Minister of Finance (Mr. Turner) and all the rest of the Liberals who were present voted against that proposition at that time. Now, just before an election, we have this conversion. We welcome it. Even though we may feel there is cynicism in it, we feel that the small benefits being provided in this legislation should get to the people concerned just as soon as possible. If the earliest that these benefits can be given to them is in the cheques they receive at the end of June, I trust the House will give this legislation speedy passage so that technicality can be achieved.

Actually, what flows from the criticisms we have been making of the government for its cynicism, and the way it is doing things on the eve of an election, is the simple fact that the escalation should never have been taken off the basic old age pension, that the escalation should have been put on a basis equal to the actual rise in the cost of living and that there should have been a substantial increase in the basic amount of the pension long ago.

I should now like to comment on some of the features of the legislation which is before us. In a number of instances, I shall be expressing my pleasure and approval. In other instances, I shall have to complain very strongly that the bill does not go far enough.

The first thing I want to say by way of approval concerns something that is not in this bill but is in the budget proposals, namely, the extra exemption to be allowed persons 65 years of age and over which is to be increased, effective January 1, 1972, to $1,000 a year. This is a welcome increase, but I still think that those who are asking for higher exemption levels for our senior citizens are on the right track, except that I would recommend very strongly that relief from taxation for senior citizens should be achieved not by the method of higher and higher exemption levels, but by the method of a tax credit. What is really required is an amendment to the income tax law which would provide that persons living on pensions shall pay no income tax if their incomes are below $3,000 single or $4,500 married. I use those figures because they are the figures a number of organizations have been presenting, and because I think they are very responsible. We welcome the slight improvement in this area, but let the government not think it has gone as far as it should.

The second thing I should like to say is that we welcome most strongly, and perhaps this is the feature of this bill which in terms of principle is most important, the breaking of that 2 per cent ceiling. For the past several years, it has been a crime the way in which we have given old age pensioners an increase of 2 per cent when the cost of living was going up 4 per cent or 5 per cent, so that they were actually worse off in the end. This change that has now been made is, in fact, long overdue, that is putting the escalation on a basis equal to the actual percentage increase in the cost of living. However, I am in full sympathy with those to my right who have been pressing the

point that something should be done, and their amendment that was ruled out of order was to this effect, to make up for the short-fall our pensioners have suffered since the escalation provision was established. The government has introduced retroactivity in another area, and this is an area where retroactivity should have been applied. The best way to have made up the short-fall that our pensioners have suffered because of this limited 2 per cent escalation would have been to make a substantial increase in the basic amount of the pension itself. We are back to our contention that the basic $80 figure should now be a figure of $150 a month. It is also our view that it should be made available at age 60, as I have contended many times.

The other comment I wish to make about the escalation of the old age pension and all pensions is that some day we have to get to the point where escalation is related to something more than just the cost of living. It ought to be related to the rise in the standard of living, the rise in wage rates or the rise in the gross national product. When all you do is give pensioners an increase equal to the rise in the cost of living, you merely permit them to continue to purchase the same standard of living they were able to purchase when they retired. In the meantime, conditions improve, society becomes more affluent, the standard of living goes up and it is not humane, decent or civilized to say to our older people: You are not to share in the increased standard or the increased benefits you helped to make possible.

Let me say quite clearly that it is a welcome breakthrough to get beyond that 2 per cent ceiling and to get the escalation attached to the actual increase in the cost of living, but it is by no means the last word. What we have to get is an escalation that permits retired people not only to be able to keep up with the rising cost of living, but permits them to share in the rising standard of living which society produces, because when our retired people were working they helped to make that possible.

The next thing I should like to say is that we welcome very strongly the fact that the escalation provision is being restored to the basic pension, which is now $80 a month. There was no rhyme or reason whatsoever to the position the minister took in this House in December of 1970, when he took the escalation off that basic $80 figure. We are pleased it is being restored. We share the views being expressed pretty generally throughout the country that the figure of $2.88 which is all it amounts to this year, is very small. I said the other night that this change will not help the government win an election, but of course that is the reason they are going into retroactivity, because that will result in these people having six times $2.88 or $17.28 in their pockets at the end of June.

• (1210)

Even after we express our approval of the fact that escalation is being put back on the basic pension, let it be said as strongly as we can say it that this is not the answer to the adequacy of the basic pension. The reason $2.88 is not a sufficient increase is that $80 was not an adequate basic pension. An increase of 3.6 per cent would not be bad if the basic pension were already $150 a month. One of the pitfalls in this kind of thinking is that the government may believe it can say to the country that it has now solved this problem, has taken it out of the political arena, and has placed pensions on the basis of being increased year after year according to the rise in the cost of living.

There are two things wrong with that. One is that it does not relate to the standard but only to the cost of living. The other thing is that we are talking about escalating a basic rate which in itself is inadequate. This is not the answer to the organizations across Canada, to those of us in this House and to pensioners generally who call for a basic pension of not less than $150 a month.

There is a provision in this bill which is now before us to which reference was made in a question and answer the other day which we welcome, namely, amending the act to provide that persons who have qualified in Canada for the old age pension may, after age 65, go elsewhere and continue to draw their pension provided they have had a certain length of residence in Canada. The old rule was that such persons had to have lived in Canada for 25 years after age 21. According to this bill, that is being changed so such a person, over 65, can go elsewhere and draw the pension without having to return to this country, provided he has lived here for 20 years after age 18. This is a laudatory modification which some of us have been requesting for a long time. Indeed, we asked for this long before the hon. member who made the request the other day came here. We think it makes sense, particularly when there is a desire on the part of many people, for health or family reasons, to go to warmer climates or to the countries from which they came in the first place.

Even though he is going behind the curtain, the minister is still within the sound of my voice and I hope he is listening. When the minister was making this change why could he not also have made a change in the 40-year rule. I refer to the rule which makes it possible for a person to live in Canada for most of his life, then go elsewhere before age 65, apply for the pension from another part of the world and get the pension without coming back to this country provided he has resided 40 years in Canada after age 18. When this rule was brought in, many people did not obtain a pension until age 69 or 70, and the 40 years did not seem to be too long a period. However, now that pensions are payable universally at age 65 and the applicable period is from age 18 to age 65, which is 47 years, one must still have 40 years' residence in Canada.

What I think is particularly unfair in this regard is the situation which develops as between a husband and a wife. If the minister cannot find it possible to change the rule in its entirety, perhaps he could find it possible to change it in respect of husbands and wives. There might be a situation in which a husband and wife go to the United Kingdom or to some other country. The husband may be able to meet the 40-year rule when he reaches age 65, but the wife, because she is a few years younger, does not meet the rule and is unable to receive the pension. This produces a difficult marital situation. If the wife returns she has a pension, but if she stays with her husband she runs the risk of being a widow without a pension. I am not making up this situation. I am familiar with cases of this nature. It would seem to me at a time when the government is cutting five years off the 25-year rule it should also be cutting five years off the 40-year rule. I

place this before the minister and hope he will give it consideration.

I notice that quite a change is being made in this bill in respect of the basis for the escalating of pensions. In particular, I am referring to the fact the Old Age Security Act used to provide that the pension index for the purpose of this act is the pension index spelled out in the Canada Pension Plan. That provision is being abolished. We are now to have a new pension index or formula for the Old Age Security Act. There are two differences. One of course is that in this act we will take a different 12-month period from that which is taken for the Canada Pension Plan. The other difference is that the Old Age Security Act does not apply the 2 per cent ceiling, while it is still being applied in the Canada Pension Plan. My plea is that the same thing that is being done in respect of old age security should be done in respect of the Canada Pension Plan. When people are retired and draw both the old age security and the Canada Pension Plan, the money comes to them in one cheque. I think it is a little ridiculous for these people to be given an escalation of that joint pension part of which will be escalated by 2 per cent on the basis of one formula and part of which will be escalated by 3.6 per cent or some other figure on the basis of another formula. If it is correct to remove the ceiling from the escalation with respect to the old age security, I suggest it is correct to do it in respect of the Canada Pension Plan. I hope this will be given favourable consideration at an early date. Mr. Speaker, I see my time is running out. I wonder if I might have just a few more minutes.

Mr. Deputy Speaker: If there is consent, the hon. member may proceed.

Mr. Knowles (Winnipeg North Centre): I shall be very brief, Mr. Speaker. I have two more points. I shall just state them. I am now pleading for justice and fair play. I will say more on this matter at a later date, but I mention it now by way of a caveat. I am concerned about the position of war veterans under this legislation. Bill C-208, which we may be debating later this day, provides for the ceiling on the war veterans allowance to be increased only by the amount the allowance itself is escalated. This year that will be 3.6 per cent. In the case of a single veteran it could be $4.35 and in the case of a married veteran it could be $7.23. I suggest, despite the things I think about this government, that it cannot and will not leave it that way. It would be utterly unthinkable for those receiving the war veterans allowance as well as the guaranteed supplement not to get the full $15 that would be available under the Old Age Security Act amendments. I see some very significant heads being shaken over there. I am not going out on a limb. I am not making any assertion about this, except that Bill C-208 does not meet the problem.

It may well be that the Minister of Veterans Affairs (Mr. Laing) when he introduces that bill will tell us of plans of the government for an order in council to exempt this $15 in the same way it exempted the $2.70 which was available in the month of April. Now, I see a certain head going up and down, so I hope that is correct. I just want to plead that this be done. If it is not done, the desire some of us have for both these bills to receive speedy passage will be lessened a bit in respect of the other bill, not this one. It does not affect this one, but it is a serious matter in the bill respecting veterans. But we must see to it that the experience of the past, when the gap has been narrowed between what was available to veterans and what was available to civilians, should not be repeated in this case. The veteran should get the full advantage of the $15 increase in the supplement to the old age security pension as well as the full advantage of the 3.6 per cent increase he will get in his war veterans allowance.

• (1220)

I said I would not abuse the time that was given to me, therefore I must sit down. I will just close on this note. Welcoming as we do the improvements that are provided in this legislation, I want to make it extremely clear that the failure to raise substantially the basic amount makes this bill really inadequate. The time has come for the basic pension to be $150 a month, universally available to our people and available at age 60, and for that $150 a month pension to be escalated annually in accordance with the rise in the standard of living which is possible because of what our senior citizens have done for this country. That goal is still to be met. That goal will still be fought for by the pensioners themselves, by their organizations, and by many of us in the House of Commons. It is a goal which I believe we shall win, and I hope we shall win it soon. In the meantime, small as these improvements are, they must not be held back from our people a day longer than is necessary. Therefore, we hope that this legislation will soon be passed and enacted by parliament. Whether or not an election issue is involved in the consideration of this measure is beside the point. The point is that our older and retired people must get these increases right away. But I say to them: carry on. I also say that we shall carry on the battle for a really adequate pension system for all the people of Canada.

[*Translation*]

Mr. René Matte (Champlain): Mr. Speaker, as the leader of our party (Mr. Caouette) pointed out again yesterday, we are of course in favour of increasing the old age pensions, although we fail to understand why the government members voted against the Social Credit proposal to do so two years ago.

Still, we feel that this bill smells strongly of elections. It is too sudden. It suffers from weaknesses, omissions if not errors, which I shall point out. Of course, we are aware of the need to give senior citizens of 65 or more a decent living. In fact, thousands of arguments can be invoked to prove that those who have reached 65 have in fact earned the pensions they receive.

We therefore have no objections to that increase; on the contrary, we have been requesting it for a long time. But we do not agree with the government, in fact we say it is illogical when it refuses to fill the gap which occurs at one point in the life of the old couple when they reach age 55 or 60. That is why we have insisted time and time again on the possibility of granting a pension to the two spouses when one reaches 65, regardless of the other's age.

This seems so obvious to us that the fact that it is not taken into consideration strikes us as illogical. We need only look at the case of a couple who have both reached 65. Last year they received $255, compared with $260 this year; under this bill they will be getting $285.

Mr. Speaker, when both spouses are 65, when they live in their own home or apartment, $285 is a very reasonable amount.

But where there is lact of consistency and even of plain common sense is when one of them is 65 and the other 60, 62, 63 or 64, in which case only $150 is paid for both. Why assess the pension for one couple aged 65 at $285 and the pension for another couple, one of which is 65 and the other 64, at $150?

Mr. Speaker, it does not make sense. That is why we have brought the matter up so often, even submitting amendments to deal with it. We even at one time, proposed a motion which was debated in this House, but unfortunately defeated.

Mr. Speaker, we are not demanding anything fantastic or miraculous. What we are calling for is plain common sense. Someone could retort: Then it is up to provincial governments to look after those who have not reached the age of 65. Of course we agree with that.

But upon looking closely at the criteria applied, for instance in the province of Quebec, we find they are below decency level, they are actually not pensions, but pittances. And for two persons who have not reached age 65, the Quebec government through the Social Affairs Department grants on the average only $130 or $140. These are the criteria in Quebec.

• (1230)

Therefore, two persons of 64 receive presently from the Quebec Social Affairs Department about $135 or $140, and at 65, they will draw $285. This gap is tremendous; in fact, the amount is then doubled.

As representatives of the people, we are made aware every day of scores of casess involving people who have not enough money to pay for their food, electricity and telephone. They come and ask us to plead with welfare officials, asking them to improve their standards of living.

On June 16, 1971, I wrote to the Quebec Minister of Social Affairs, Mr. Claude Castonguay, a letter clearly showing the ambiguous and illogical situation which prevails presently. I quote:

Dear sir:

You are no doubt receiving numerous letters to protest against the changes made in your department last fall. All those who find their cheques reduced, sometimes cut out altogether, become angry, frustrated and sometimes more sick than they were before.

I also wish to protest. You will, however, allow me to do so in a positive and constructive way by offering one suggestion.

We are still in the same country, as far as I know, if on different sides of the Ottawa river. Why then not accept as a vital minimum what the federal government grants as old age security pension and guaranteed income supplement.

A married couple, aged 65, is entitled to $255 per month. That is at the present time a decent minimum. Your department allows about $130 to two persons under 65 and without any income. Values in Quebec are different from those in Ottawa.

This pruning game in which your regional offices are indulging aggravates the poor people on welfare, all the more so because they seem to be received off-handedly when they are not simply thrown out or, still, they are refused an interview. Being poor and out of work is hard enough without adding the insult of a bureaucrat urging a middle age widow, for instance, to "look after herself". Why all these insulting investigations, these nosy checkings, these unaccountable delays when the only thing to do is to check income tax returns, something which should be made compulsory anyway?

Hoping that my comments will help you I remain

Yours truly,

M.P. for Champlain.

Mr. Speaker, I took the trouble to read this letter addressed to the Quebec minister in order to show you how much we want to close those gaps. In 1968, there was a great deal of talk about a just society. Is it fair that a married couple of 60, 61, 62, 63 or 64 cannot live with $130 a month, when it is acknowledged that from now on, the vital minimum will be of $285 at 65? Is there any justice in this? I shall be told that this is a provincial matter and that Quebec has only to increase its social welfare allowances. I agree, but the two government levels should show enough understanding to co-ordinate all their efforts along the same line.

I realize that the reactions of the Quebec Premier, Mr. Bourassa, and Minister of Social Affairs, Mr. Castonguay, were directly related to the letter which I read a few minutes ago. And this is how we are once more getting involved in a useless dispute and in such ambiguous situations that we are wondering where they will lead us.

I should like at this point to quote the comments of the Quebec Premier, Mr. Bourassa, on last Monday's budget statement, as published in *La Presse* on Wednesday, May 10, 1972. I quote:

Quebecers aged 65 and over may welcome the Turner budget but it is going to create a serious problem for the provincial government with respect to those aged 64 and less who will not benefit from Ottawa's new gifts in a field of joint jurisdiction.

Mr. Speaker, those, clearly are the words of the Premier of Quebec. So there is a problem. It comes from lack of co-ordination between the two levels of government. I do not mean by that the government is not justified in increasing pensions, but that the government is wrong not to co-operate better with the parties involved. It might have solved the problem by accepting our suggestion that the pensionable age be brought down to 60 and that it be granted automatically to the spouse when one of them reaches the specified age.

Of course, Mr. Speaker, Mr. Castonguay's reaction was in the same vein. May I quote again from *La Presse* of Friday, May 10:

Income Security Policy Unachievable

I am quoting from Mr. Castonguay's text.

The announcement, in Monday's federal budget, of new fiscal and monetary benefits granted to elderly people is, in our view, proof that it is apparently impossible to achieve an income security policy as consistent as was required, integrated, and permitting a fair distribution of resources.

How is it that no thought was given to avoid such things? It is due, Mr. Speaker, to the haste, on the eve of a general election, to distribute more money in order to earn votes. I see no other reason. Why allow this further bickering between different levels of government? I shall again quote Mr. Castonguay when he stresses—

Mr. Albert Béchard (Parliamentary Secretary to Minister of Justice): Mr. Speaker—

Mr. Deputy Speaker: Order. Is the hon. member rising on a point of order?

Mr. Béchard: This is not a point of order, Mr. Speaker. I should like to ask the hon. member whether he will allow a question?

Mr. Matte: At the end of my remarks, Mr. Speaker, I shall be happy to reply to the hon. member.

Mr. Castonguay further said this:

Last year and in 1970, Mr. Castonguay stressed, when the last amendments were made by Ottawa to the Old Age Security Act, the escalation principle had been rejected. The reason given was that any amount in excess should be paid through the guaranteed income supplement.

I fail to understand, he added, why a year later, they reconsider this principle which had been accepted a year earlier, as far as the escalation of the old age pension is concerned.

• (1240)

Whether Mr. Castonguay is right or wrong, Mr. Speaker, I cannot say. In his dealings with the Minister of National Health and Welfare, were there really any mention of these matters?

Mr. Speaker, I wonder what prevents these two levels of government from coming to an understanding. Nobody knows. One thing is sure, and it is that this increase which is quite necessary and of which we fully approve is unfair to those who have not yet reached age 65 and who must be satisfied with crumbs.

They will argue, not without reason, that the Quebec government must assume its responsibilities. However, when the federal government, through an amendment to the constitution, took over areas which come under the sole jurisdiction of the provinces, specifically old age security and family allowances, it was to compensate—and I agree—for the weak provincial governments in those days. Strangely enough, this happens when both governments have the same political colour.

Mr. Speaker, this situation the federal government has taken over by entering the field of old age security pensions should normally come under provincial governments. We understand Mr. Castonguay referring to integration when we know that Quebec alone must be concerned about supporting those who are not yet 65 and who have no income. I do not say that Mr. Castonguay has the solution. I am just saying that we have been suggesting the solution for a very long time. Recently it has been suggested here, before this House, that everybody should have a guaranteed minimum income which would do away with the welfare programs each Canadian province must implement.

In fact, a guaranteed minimum income for everyone would not be more expensive than the costly and disastrous application of the present social welfare system. That is the solution. When we finally realize that the basic principles of our financial and economic system must be changed, all these problems will be resolved. In the meantime, it is important that every one be treated fairly, as we are involved in this situation.

In particular, I blame the Quebec government for evading its responsibilities. I also blame the preceding governments of that province for acting likewise. It is for this reason that the federal government has taken over more than its share of the fiscal field and it must reimburse the provinces by intruding in areas over which they have exclusive jurisdiction. However, I blame the provincial government for not accepting its responsibilities.

In 1960, we saw that government under the administration of hon. Jean Lesage, asking for 100% of personal income taxes and 100% of estate taxes. We witnessed the fact that its successor, hon. Daniel Johnson, reiterated his demands for 100 per cent of income taxes. If the Quebec government applied this program, I am sure the federal government would have to give in.

Hon. members will remember that in 1952, for instance, when the then premier of Quebec, Maurice Duplessis, established the 8 per cent provincial tax for the first time, the federal government, led by Louis St-Laurent, reduced the federal income tax by 10 per cent.

I therefore advise the government of Quebec, if it wants to solve its problems, to assume its responsibilities, and if it needs 100 per cent of personal income tax, to go ahead and take it. I will then insist that the federal government reduce the federal income tax by the same percentage. Only in this way shall we be able to satisfy and to please everybody.

However, Mr. Speaker, as I have already said, the minister should consider immediately introducing two small amendments to his bill in order to help a large number of families. One of these would be very simple: it would consist in making eligible for an old age security pension couples in which only one spouse has reached the age of 65. The other amendment could also be acceptable: rather than raising the amount of pensions to $285—and I am not saying that this is exorbitant—it might have been preferable to bring down to 60 the age for pension eligibility and to leave the amount at $260 per month.

Mr. Speaker, there are still some things which do not make sense. As the Creditiste leader pointed out yesterday, do 60 year-old people pay less for clothes or for food? No, they do not; they pay exactly the same price. We would be solving a great problem by accepting these suggestions.

If we analyze the budget carefully, we realize that the extra $300 million of $400 million will be given with one hand and taken back with the other, since the 3 per cent tax exemption granted last October is automatically going to be abolished. This is once again mere window-dressing. They seem willing to increase the old age security pensions and even the family allowances; on the other hand, however, they take back the increase through taxation since the 3 per cent exemption will be removed.

Mr. Speaker, removal of this 3 per cent exemption practically offsets the surplus granted. This amounts to giving with one hand and taking away with the other.

Mr. Speaker, our wish is that as many Canadian citizens as possible may live in modest comfort, but obtaining employment is so difficult at the present time that people aged 60 find it impossible. Nonetheless, it is desirable that these people should get some income. This is why we should like all couples and single people, in fact all Canadians aged 60, to be entitled to the old age security pension.

Unfortunately, it does happen for instance that in some families with 7 or 8 children including several still attending school—which is extremely costly—the father, aged 60 or 61, can no longer work because of his age, his lack of the necessary skills or any other reason. At that stage, he has to apply to the social welfare agency whose benefits, I repeat, are not fair, being mere handouts.

• (1250)

It is wrong to suggest, as does the Quebec Department of Social Affairs, that a couple's expenses for food, clothing and personal effects amount to $78 only.

Mr. Speaker, it is appalling that such things happen. We should find here an opportunity of solving at least the problem of senior citizens aged 65 or more, and I wonder why the government should refrain from doing it. We would thus remedy a serious injustice and, by the same token, help the provinces which are facing empty coffers and are unable to meet the demands due to the huge number of applicants for social welfare either because they cannot find a job, or have not been employed long enough to be eligible for unemployment insurance benefits.

Mr. Speaker, I think that these suggestions are not exaggerated and that they should be seriously considered. I am ready, Mr. Speaker, to answer the question directed by the hon. member for Bonaventure-Îles de la Madeleine (Mr. Béchard).

Mr. Béchard: Mr. Speaker, I for one have ceased long ago to believe in the sincerity of the Social Credit's theory and the speech made by the hon. member for Champlain bears me out in my conviction.

I would like to ask him how he can reconcile the principle which he has expounded fairly strongly a while ago in the course of his comments, to the effect that social security should fall under the exclusive jurisdiction of the provinces, with the following statement he made in the same breath, towit: We have advocated and still do—as our leader has stated it himself—the payment of $1,200, $1,800, $3,000 and $5,000 to senior citizens and the needy.

Could the hon. member tell us where the Creditiste logic is in such a statement?

Mr. Matte: Mr. Speaker, the hon. member loses his temper without any reason. I clearly stated in my speech that, when a government does not assume its responsibilities, something must still be done for the people. I am pretty sure that at the time the federal government decided to deal with the old age security, it was trying to palliate a difficulty at the provincial level.

I shall now answer to the second part of the question put by the hon. members, stating that social assistance falls under provincial jurisdiction. I do agree, and when we establish general standards and say that we must get a guaranteed minimum income, it is the responsibility of the federal government to co-ordinate such action throughout Canada and in every province. There is no mystery in there, and I do not understand why the hon. member finds it inconsistent.

Social security falls under provincial jurisdiction, but the federal government's part is to ensure co-ordination, in order to do justice to all citizens of Canada. But the administration must be left to the provinces. This would be an ideal solution. We all advocate administrative decentralization so that people from every part of this country may get better service. However, we still bring in our own solutions to problems in every area. We represent the same citizens as provincial members, and we are concerned by the welfare of the people living in our respective riding, like any provincial member. At this time, we are seeking together to find appropriate solutions, either at the provincial or the federal level.

Mr. Béchard: Mr. Speaker—

Mr. Deputy Speaker: Is the Parliamentary Secretary to the Minister of Justice rising on a supplementary?

Mr. Béchard: No, Mr. Speaker, I rise on a point of order.

I am pleased to find that the hon. member admits that this area is under federal government jurisdiction but I would like to ask him a question.

Since he too seems upset by the pension increases mentioned in the budget statement, could he tell us if his party is considering presenting before implementation the program which his leader recently prepared in the province of Quebec so as not to interfere into this field?

Mr. Matte: Mr. Speaker, the plan prepared by our leader is included in the current program of the Social Credit Party of Canada. It is understood that, should the provinces so decide, the administration of social security programs will of course be administered by the provinces provided they keep to the basic standards set up for the country as a whole. The program of the Social Credit Party of Canada even specifies that it will be up to the provinces to decide whether they will implement it themselves or leave its administration to the central government. This is the genuine federalism which we want. We submit that each province should enjoy self-determination so as to be able to decide how they want to administer the program or have it administered by the federal government.

I repeat that there is no mystery in that and nothing illogical. We are preserving our basic principles while proposing solutions to the social problems facing all the provinces.

Hon. Jean-Luc Pepin (Minister of Industry, Trade and Commerce): Mr. Speaker, I would like to make a remark and ask a question.

If the hon. member reads what he just said, he will realize that there is a tremendous difference between his administrative decentralization and political decentralization. What he said is pure denial of federalism. It would be good thing for him to think it over and adjust his views.

My question is the same as that of the parliamentary Secretary to the Minister of Justice (Mr. Béchard). How can there be federal jurisdiction in those sectors when the exclusiveness of provincial jurisdiction is being proclaimed?

Mr. Matte: Mr. Speaker, it is really comical since we are discussing a federal law in the federal Parliament and not

in the Quebec National Assembly, a law on old age security which undeniably belongs to the field of welfare. We are now dealing with something pertaining to social security. In normal conditions, had it not been for the weakness of the Quebec government, it would never have been introduced. The federal government would never have had to do anything with it. But let us take for granted that the circumstances were such that at a certain moment the central government began to administer old age security pensions and family allowances. One must admit, and the hon. minister should also admit it, that that really belongs to the social security field which should normally be under provincial jurisdiction. However, on account of a precedent and an amendment to the constitution the federal government takes care of it. So why would the central government, which is supposed to ensure co-ordination throughout Canada, not establish social security standards that the provinces could apply? I do not see any inconsistency there.

[*English*]

Mr. Deputy Speaker: Is the House ready for the question?

Some hon. Members: No.

Mr. Deputy Speaker: It being one o'clock, I do now leave the chair.

At one o'clock the House took recess.

AFTER RECESS

The House resumed at 2 p.m.

• (1410)

Mr. P. B. Rynard (Simcoe North): Mr. Speaker, it is with a good deal of pleasure that I rise to take part in this debate. May I congratulate the minister on what he has done in this bill. I do not think that any trained seal could have taken the flip flop that he has so quickly and so well and come back here in his chameleon coat and presented what he has. But it is heartening to see the government is finally reacting to public opinion and demands, even if it means it has had to make a complete shift in policy. For let us make no mistake about it, this is a complete shift in policy. If anybody doubts that it is, I will document all the motions and debates we have had in the House as recorded in *Hansard*. Otherwise, I shall not refer to that, because I believe the minister realizes as well as I do the complete shift in policy that has taken place. The government is finally acknowledging the fact that in not providing for an escalating feature it was not compensating people for dollars constantly being eroded by inflation. As I have said, we now see with pleasure the compassion of the government in reversing its previous attitudes to this question.

A little less than seven weeks ago, namely on March 23, the Minister of National Health and Welfare (Mr. Munro) rejected the Progressive Conservative's appeal to the government to contribute to the pensions, allowances and other benefits granted or administered by the government a yearly percentage increase corresponding to the percentage increase in the consumer price index for Canada. On that night the minister voted against the appeal, and I am going to quote later what he said. Today, the House of Commons is in the incongruous position of having the same resolution introduced by none other than the minister himself. What miracle wrought this conversion from a steadfast no on March 23 to an ecstatic yes on May 8? I would venture to guess that the government got a tremendous number of letters from people all over the country and that the senior citizens organizations were making their voices heard.

As a matter of fact, the minister had some interesting comments to make on March 23. He dismissed our request for fairness to be shown Canada's 1,800,000 recipients of the universal old age pension and our pleas that he raise pensions to a decent level and peg them to the rise in the cost of living. As reported at page 1103 of *Hansard* for March 23, the minister said:

> As a government we have obviously decided that in terms of bringing money to those who need it in waging a successful campaign against poverty we must change from making universal payments to everyone, irrespective of income, to a selective technique. We must have an income test—I call it a guaranteed income technique—applied to what was previously our universal demogrant program of old age security and family allowance.

So, between March 23 and May 8 the minister suddenly discovers that the old age pensioners deserve a better break and adjusts their payments by granting a cost of living increase, as we argued on March 23. Perhaps the minister found much sympathy within his own party for the Conservative motion, and I venture to suggest that is one other reason he had this sudden conversion.

The minister mentioned certain programs and went on at length to deal with what the Liberal party had done over the years for our senior citizens to stimulate them mentally, to create jobs in areas where they would be adept at handling them, and he also mentioned what the pensioners were doing now. Stimulating them to do something is a very good plan. They have shown over and over again, by presenting their own case and grouping together, strength and faith in themselves in bringing their problems to their members of parliament. That the minister has gone along with this type of activity among themselves makes it all very worth while.

In many instances the pensioners have presented case histories to back up their position that they were living in poverty. Our elderly people have just as much right to share in the rising standard of living that has taken place since the last world war,—this was a point made by the hon. member for Winnipeg North Centre (Mr. Knowles)—having suffered and accepted the hardships of the thirties that preserved and laid the foundations for what we have today. The hon. member for Winnipeg North Centre went on to say that there were other things besides the cost of living index, and referred to the gross national product, the quality of life and other matters. But all this goes back to the thirties.

It is not necessary to go into this in detail, although some of us do forget that in the thirties the old age pensioners of today earned from $20 to $50 a month in the labour market. Even professional people like doctors ready to go into practice earned from $100 to $150 a

month. School teachers were earning from about $300 to $600 a year. These were mighty hard-earned dollars, and on this money they lived, raised their families and made a contribution to Canadian history and the Canada that we have today. It is interesting to note that the gross national product in 1933 was roughly $3.5 billion. Today, it is well over $90 billion and perhaps as much as $100 billion, some 30 times as great. This is some indication of how our people lived in the thirties.

• (1420)

The minister, who I notice has left the Chamber, conveniently forgets that his party has a poor record in respect of looking after old age pensioners. He would have us believe his party is the only party which is concerned about the old age pensioners and others on fixed income and that only they have done anything for them. Let us go back a little and take a look at the record. It is sometimes a good thing to be reminded of what has happened. The opposition confronted the government from time to time with the poverty situation of many of our older people. Over and over again, we moved motions to have the benefit increased, only to have the motion defeated and the old age pensioners denied their rights. As late as March 23, 1972 the minister, in pious platitudes, denied them what he was finally forced to give them. I shall not use the word "bribe" because I do not want to do so. I will not be cynical enough to use that word, even when there is an election before us. I would point out, however, that there is such an aura surrounding the situation.

There are 1,800,000 old age pensioners, and this could be a very persuasive reason for the government to do something about the situation. I should like to take the minister back a little since he has been quick to place on the record the suggestion that the Liberals were the only ones who had done anything for the old age pensioners. I would like to think that everyone here has tried to make a contribution to our senior citizens. Let us go back to the year 1956 when the pension was $40 a month. The Liberals at that time brought in an increase of $6 a month. The slogan at that time was "The six-buck boys". The gross national product then was roughly $33 billion. Then the Conservative party was elected in 1957 and the right hon. member for Prince Albert (Mr. Diefenbaker) became the Prime Minister. At that time the old age pension was immediately increased another $9, bringing the pension to $55 a month. Today, the gross national product is three times what it was then. The old age pension was then universal. Mr. Speaker, I did not catch the interruption of the minister. He should stand up and repeat it.

Mr. Pepin: I just observed that the population had increased also.

Mr. Rynard: Well, Mr. Speaker, if it has increased, what is the problem? We added on an extra $9 which brought up the pension to $55 a month. What is the Minister of Industry, Trade and Commerce (Mr. Pepin) trying to say.

Mr. Mahoney: You did not give them another increase in six years.

Mr. Rynard: Yes, we did. The hon. member should do his homework. The Conservative party immediately raised the pension. The gross national product today is three times what it was then. What about the great record of the Liberal party to which the minister referred? The pension is not universal now. The Liberals have deserted the guidelines of their forefathers. The pensioners will take a long look at the last four years, and the so-called just society which had denied them their rights. They have been denied the rights they paid for through income tax in the amount of $961 million in 1971, $700 million in federal sales tax and $250 million from the 3 per cent corporation tax. They have been denied what is their right.

I wonder whether the minister recalls that it was through the efforts of the right hon. member for Prince Albert that Mr. Pearson was urged to keep his election promise made in 1963 to increase the pension by $10. But that was not a gift either, because very shortly after that there was an amendment to the Income Tax Act which brought up the tax another one per cent for old age pensioners to match the $10. Therefore, they received nothing. Then, the minister refers to the income supplement of $105 per month, with an escalator clause of 2 per cent. If the cost of living did not rise by 2 per cent not a nickel would be given to the pensioners. What a deal! The minister boasts about it being a first, but he forgets that his government had another first. No government previously had deliberately set out to cause unemployment in order to control runaway inflation. We have more unemployment than ever before and inflation is still with us. Why was he so miserly with that first provision about which he boasts? The senior citizens have been made to scrape the bottom of the barrel because of a 7 per cent increase in the price of food, shelter and clothing.

Let us not boast of arrogance and unfairness to our senior citizens. We pleaded with the minister to tie the increase to the cost of living. The old age pensioners pleaded with him. Their sons and daughters, who were the heaviest taxed in history and who had more deductions from their payroll than any other generation in history, pleaded with him, as they themselves found inflation eroding their dollar until it was hard to make ends meet and do anything for their parents. The government boasts about lowering the pension age to 65. What a mess the minister would have been in today had he not done so in view of the rampant unemployment.

Then, the minister goes on to talk about the $30 per month guaranteed income supplement that was introduced in 1966. This only went to the old age pensioners and senior citizens who had nothing else on which to live. The minister forgot to state that of every dollar earned, the government took 50 per cent in tax. He forgot to state that the $75 old age security pension which the government froze at $80, with the inflation we have had, today would be around $90. He starts off at January 1, 1972 still gypping the old age pensioner by $9.85 per month or $118.20 per year, if my mathematics are correct.

The minister speaks about what he is doing to relieve the problem senior citizens face in the field of housing. Well, I wish to dwell on that for a minute. Before I do so, however, I should like to refer again to the change in the guaranteed income supplement. It will be of no benefit to Canada's veterans who are in receipt of the guaranteed

income supplement because 50 per cent of the additional money they receive through the guaranteed income supplement will be deducted from their pension. The $15 a month they receive from the welfare department will be deducted from the amount they receive from the Veterans Affairs Department. Nowhere in his budget does the Minister of Finance (Mr. Turner) estimate the saving to the government as a result of the lowering of the pension by $15 a month to 46,500 veterans. I ask him the reason for this. Let us keep in mind also that the government announcement has been very misleading.

• (1430)

Most Canadians believe that the guaranteed income supplement is to rise by $15 a month from its April, 1972 level. I would like the minister to correct me if I am wrong when I say it will not do so. It is the combined old age security-guaranteed income supplement payment that will go up by $15. I wish to ask the minister whether that is correct, and if not I would like him to clarify that point. There is only an increase of $9.42 per month for a single pensioner, not the $15 per month that the minister told us about here. I am sure that people do not realize this, and I wonder how many members of the minister's own party realize it. Married couples who each received a GIS payment of $50.05 in April 1971, will now receive $9.42 per month more, a payment of $59.62. Although these are good additional sums, the point is that GIS recipients will be getting less than $10 a month, although they have been led by the government to believe that they would be getting an extra $15. Can we blame them if they feel cheated when their first GIS cheque arrives under the new system? The Minister of Finance (Mr. Turner) and the Minister of National Health and Welfare (Mr. Munro) are guilty of misleading Canada's old age pensioners. Perhaps the Minister of National Health and Welfare will tell us whether or not this is intentional. Such behaviour is almost fraudulent, for no efforts have been made by them to correct the mistaken impression which their announcement originally and intentionally gave.

The minister spoke about what he did in the field of housing, but he forgot to tell us that this was only marginal assistance. He should get down to brass tacks. Let us consider a typical small Ontario city. I picked out at random a city which has 2,349 pensioners of whom 1,500 are on GIS. The average rent for a bachelor apartment in that city is $125 per month, and the average rent for a one bedroom apartment is $150 per month. The construction of how many of those units was subsidized? In that city, only 15 single units renting at $37 per month were made available to old age pensioners, and only 12 units for married couples. I want to point out to the minister that only 39 people benefited out of the 1,500 who were on the guaranteed income supplement. Let the minister not mislead the public. We must realize that probably 50 per cent of the total income of those pensioners was spent on shelter. In the case of a single person, only about $50 a month is left to cover food, clothing and the other necessities of life. If that is the good life about which the Minister of National Health and Welfare speaks, then I do not want it.

The minister referred to the Canada Assistance Plan. He says that, surely the Canada Assistance Plan will cover the costs if the provinces and the municipalities are short of money. This is the minister's ace in the hole. He does not say it is a shared cost program, and if the provinces or the municipalities do not have the money, why does the minister not take care of it?

The minister also spoke about drug care. He forgot to tell us that this is not a compulsory program, that provision of food, shelter and clothes is compulsory, not drugs. If that is not so I would like him to tell us. Let us quit fooling the people. The minister spoke as if he had a drug care plan. He says that if the provinces or municipalities can pick up the tab, he will match it, but how many of them are in the financial position to do so?

Then, the minister spoke about chronic care homes. This is a subject that concerns me. Instead of hearing platitudes from the minister, I would have preferred him to say why the chronically ill who need nursing round the clock have to pay a deterrent fee of $3.50 a day in Ontario. He did not mention that when he spoke about all the benefits that were given to the old people. Surely, under the Canada Assistance Plan the federal government will pay half of the balance of what is left after the provinces have paid their share. What is the cost? The Minister of National Health and Welfare surely has those figures. I believe it is around $15 a day.

Now, I would like to dwell for a minute on the Canada Pension Plan. When the pensioners receive their pension under the Canada Pension Plan their guaranteed income supplement payments will be reduced. The minister neglected to tell us that also. There are many things that he passed over. The minister spoke about the talents of the experienced executives. I was glad to hear him refer to that because I think it is worth while to point it out. He did not mention that there were many doctors who had retired but who are now in Africa, South America and the British West Indies doing valuable work teaching some of their students the art of surgery. As a matter of fact, Dr. McClure is now in Viet Nam doing valuable work. He is a very well known surgeon. I mentioned my own profession but there are many other fields such as public health, social services and industry from which experienced people who have retired can be of assistance. This is the area into which we should be mainstreaming all our retired senior citizens who are able to carry on physically and mentally.

The minister also spoke about the adequacy of pensions. He did not state that they have recently become adequate only because he knew that he would be in trouble somewhere along the line. We must make provision for a quality of life that has changed over the years. All we have to do is to think back to the standard of life 30 years ago. The advance in technology has brought about many changes in our life. This is why I believe that pensions should be tied to the gross national product rather than just to the rising cost of living. We believe that this measure is worthwhile and we on our side welcome it. I am glad that we have been able to put sufficient pressure on the minister and that finally he has seen the light. After having made those observations regarding the minister's stubborn refusal to listen to the plight of the old age pensioners, let me say that I am pleased that he has taken

this step. Criticisms have been made frequently by members of the House as well as by the press.

• (1440)

Here is an article from the Winnipeg *Tribune*. It deals with the Gallup Poll, that frightening thing. It mentions the leader of the Conservative party who met 600 old age pensioners in British Columbia and talked plainly to them about their problems. Then, it goes on to say:

> The Trudeau government has acted shamefully toward the aged. The last increase in the universal old age pension amounted to 42 cents. For needy pensioners (those receiving supplement) the increase was limited to 2 per cent regardless of the sharp rise in living costs. The cost of living had risen at least 3.5 per cent. As a result needy pensioners are worse off now than they were a year ago.
>
> Is this the just society?

I want to remind the minister of that and to tell him that there are a few things in this bill that we will be examining. Since I like the minister, I am pleased that he has taken another timid step. I congratulate him on that small step.

Mr. Maurice Foster (Algoma): Mr. Speaker, the bill before us today, C-207, is entitled "An Act to amend the Old Age Security Act." It will have a profound effect on the lives of some 1,800,000 Canadians who are over 65 years of age. I understand that of these, some 995,000 receive part or all of the guaranteed income supplement. In his budget speech on Monday night, the Minister of Finance (Mr. Turner) said, when speaking about the old age pensions, that the budget was designed "to render justice to those people in our community who have been hurt by the rise in the cost of living and who have no way of fighting back."

Sir, this proposal to tie the old age pensions and guaranteed income supplement to the cost of living index represents a most significant step in our social policy program. There was provision under the old program to pay 2 per cent escalation to counteract the effects of inflation, but this only applied to the guaranteed income supplement recipients. This 2 per cent could never completely satisfy in the long haul because in many years the cost of living index rose much higher than that. Thus, a substantial lump sum payment had to be applied every few years to compensate for this.

The same principle applies to the old age security part of the pensions. People receive this pension as a matter of right. They contributed to the program in years gone by when they were paying their income tax, and now they are entitled to receive the benefits. I believe that with the escalation factor applied to this basic $80 a month figure, the benefits will be much more fair. If this pension is to be paid with cheap dollars, then there should be more of them. This is the only way to see justice done to our pensioners.

The opposition is deriding the small benefits that will be given through the increase to the old age security pension recipients as if it is paid as a lump sum increase, which of course it is not. It is only the increase in the cost of living, so that our old age pensioners can buy in 1972 the same amount of things that they did in 1971 with their old age pension benefit. Anyone who has paid interest on a loan or mortgage has learned how only a few percentage points add up over a period of time, especially if the interest is compounded. The benefits to be paid under this escalator clause for this increase in the cost of living are applied so that there is this compounding effect.

However, at the same time if the change in cost of living index is a negative one, the old age security pension and the guaranteed income supplement will have a floor under them so that they will not decline. So, we have the happy situation of the escalation to counteract inflation, and no decrease should our cost of living move downward as it would in a severe recession.

There is also provision in the bill for people to reside outside Canada for more than a six month period and still receive the OAS, providing they can show that they have lived in the country for at least 20 years after the age of 18. The old rule was that a person had to reside in Canada for a period of 25 years after age 21. I am sure other hon. members know of old age pensioners who, due to health reasons or family circumstance, had to be away from Canada for more than a six months period. But under the old regulations they had to return to Canada in order to continue to receive their old age security pension. This change will benefit these people.

The benefits themselves under old age security and the guaranteed income supplements can amount to $15 per month for a single person and $30 per month for a married couple. This brings the maximum benefits to $150 per month for a single person, and $285 per month for a couple. This represents about an 11 per cent increase. Further, these combined old age security and guaranteed income supplement benefits will be subject to the escalator factor in future years. If the cost of living index should rise as high in 1972 as it did in 1971, namely, 3.6 per cent, the maximum combined pension benefits would be increased by about $5 and $10 per month respectively for the single and married recipients, starting next April.

In his budget speech the Minister of Finance also mentioned that the special exemption for taxpayers over 65 years of age will be increased from $650 to $1,000. This, added to the basic exemption of $1,500, plus $100 for charitable gifts, will give a total exemption for single taxpayers 65 years of age and over of $2,600 per year. For a married taxpayer the amount is $2,850 plus $100 plus $1,000, making a total of $3,950. These benefits and exemptions are retroactive to January 1, 1972. This special exemption also applies to taxpayers who are blind and who are confined to bed or to a wheelchair.

The minister also said that a program will be brought forward to be called "New Horizons for the Aged." I hope that the Minister of National Health and Welfare (Mr. Munro) will soon give the details of this program to the House. In my constituency we have several senior citizen clubs, including those at Bruce Mines, Blind River, Elliot Lake, and Mindemoya. These provide opportunities for fellowship and friendship to the senior citizens who participate in them. Especially important is their ability to speak as a united voice for senior citizens when making their views known to various levels of government and community agencies. However, I dare say there is more untapped talent, experience and common sense in these groups than in any of our other communities. If this

program will release some of this talent, and mobilize it for community development, it will be one of the best programs we have ever seen brought forward in this House.

The bill before us today, Mr. Speaker, will substantially improve the lot of almost 2 million Canadians, 2 million of our most valued citizens. It does this not only through immediate lump sum increases in the guaranteed income supplement, but also by providing regular increases to compensate for the ravages of inflation. I commend the House on the spirit of co-operation shown between the various political parties to see this bill passed so that the benefits may be paid as soon as possible. I hope this spirit will continue so that the benefits may be in the hands of those who have made such an outstanding contribution to our country by the end of next month.

• (1450)

Mr. Randolph Harding (Kootenay West): Mr. Speaker, it is not my intention to take too much of the time of the House this afternoon as we are rather anxious to see this bill get through the House today, but I feel I should say a few words on Bill C-207, an act to amend the Old Age Security Act. This bill will receive my support as it incorporates a principle for which we have been fighting for many years. This principle is that the actual cost of living increase be added to the basic pension every year. This yearly addition to the pension will at least maintain the purchasing power of the pension and will be welcomed by our senior citizens. I might add, Mr. Speaker, that the increases in the guaranteed income supplements are also needed and welcomed by the members of this House and, I am sure, by the old age pensioners who receive them.

I should like to take this opportunity, however, to express my disappointment at the failure of the government to increase the basic old age security pension. There is no reason why a very substantial increase could not have been enacted by the legislation before us. This government talks about a just society and about priorities; in my opinion adequate living standards which are certainly tied in closely with income, should be a top priority in any just society. Adequate income standards for our senior citizens, who pioneered in every part of our nation and who have laid the very economic base upon which we depend today, certainly should be at the top of the list of priorities. This was not evident in the budget brought down by the Minister of Finance (Mr. Turner) on May 8.

The pension case for the New Democratic Party has been ably placed before this House by the hon. member for Winnipeg North Centre (Mr. Knowles). I fully endorse the remarks he made earlier in this debate. There are, however, several points about which I would like to speak briefly as they say that repetition is the mother of learning.

The points I should like to deal with very briefly, Mr. Speaker, are those which illustrate the need for an immediate increase in the basic old age security pension to $150 a month and the need to amend the Income Tax Act in order to give these pensioners tax exemptions of at least $3,000 for a single person and $4,500 for married couples. In addition, I should like to speak about the future of the old age security pension. I believe that this pension should have an automatic escalator clause built into it. Prior to today we were always asking for part of this escalator clause to include a cost of living index, but another factor should be built into it, namely, consideration of the increasing gross national product. I do not think this can be done every year, Mr. Speaker, but certainly senior citizens who live in Canada are entitled to the benefits of the increasing productivity of our nation. There could be a very simple amendment made to the act to indicate that if the gross national product of Canada increased by a certain percentage a year or over two years, there would be an automatic increase to the pensioners living in Canada. This sharing of our gross national product is something to which I feel this government should pay more attention than it has in the past. We know that as far as pensioners are concerned, the sharing of the gross national product or the increasing prosperity of the Canadian nation is not taken into consideration.

May I return to the matter of the basic pension? I should like to point out that we have received a large number of communications from organizations all across Canada. These are organizations of senior citizens and deal with their problems. There is no doubt that senior citizens from one end of Canada to the other are, for the most part, in need of a sharp increase in the basic pension. The cost of living has been going up and there are many other costs which increase as we get older. There are things around the home where we have to depend more than ever on other individuals, such as home repairs. All this adds up to a need for more income for pensioners. There is no doubt that our nation is able to pay a basic old age security pension of $150 a month. We can do it. I am suggesting to the government that they look very seriously at this aspect of the Old Age Security legislation and see if they cannot come up with a substantial increase to grant at least part of the $150 amount which pension organizations and members of this House have been requesting.

There is one other point I wish to make before I sit down, Mr. Speaker. Tied in to all this, the increase in the basic pension, the protection of the income of our senior citizens by raising the amount on which they will pay no income tax and the establishment of a proper built-in pension which will include the increasing gross national product of the nation, the government should give consideration to lowering the pensionable age to 60. This is long overdue. I suggest that for a start this not be made a compulsory retirement age but individuals could be given the option of retiring at 60 and receiving the old age security pension. I trust that the minister and the government will look very seriously at this suggestion. It has been raised by a number of members in this House and as time goes on, especially with the extremely high unemployment which we see in our nation, groups and individuals are beginning to realize that we should be moving along these lines.

Mr. Speaker, I am not going to take any more of the time of the House. I can assure you that while we welcome the legislation before us we feel it has not gone far enough. Our group will continue to press for what we consider to be some basic reforms in this pension legislation. We serve warning on the government that whether we are back here for another session before the next election or return when the election is over, that our

members will be pushing for those basic reforms which we are suggesting could and should be brought about by the government today.

In closing I can assure the House that this legislation will receive my support. I only regret that it does not go further at this time.

• (1500)

Mr. Ambrose Hubert Peddle (Grand Falls-White Bay-Labrador): Mr. Speaker, some of the measures of Bill C-207 are very much overdue. Such measures as there are, have been brought forward as a result of much pleading, goading and beseeching by the opposition. Also, there has been considerable help from Father Time who inexorably is bringing closer a federal election. The government has finally put on its cloak of compassion, that cloak which Liberal governments seem to put on for brief periods every three or four years.

Mr. Baldwin: Also the cloak of false virtue.

Mr. Peddle: On April 26 the Minister of National Health and Welfare (Mr. Munro), while talking about other legislation before the House, said as reported at page 1697 of *Hansard*:

> As many hon. members know, the Economic Council of Canada, the Senate report on poverty, the Council on Social Development, to say nothing of numerous other studies, have all indicated that in this country perhaps four to five million Canadians are living below the poverty line and that something must be done to alleviate their situation.

In that speech the minister recognized that large numbers of people in Canada live below the poverty line. Despite that, the combined increase in old age pensions and the guaranteed income supplement as proposed is not large enough, for those who depend for their sole support on such government assistance will still live at standards considerably below the recognized poverty line.

The government is being inconsistent. Anyone who depends for sustenance on his old age pension and supplement is to all intents and purposes like an employee of the government. Surely it is consistent if the government on the one hand recognizes the level of the poverty line and on the other pays these needy people amounts that will keep them living at a standard considerably below the poverty line. I am not proposing to pick figure out of the air, although I suggest that is precisely what the government has done.

In past years, as I have said before, the government has handed out pensions and other social benefits for political reasons; there is no question about that. I hoped this measure would remove those benefits effectively from the political arena. I imagined that we might move away from the concept under which every three or four years governments use these benefits for promoting their own political purposes.

If benefits are to be improved, it is logical to begin at a starting point and not at a figure which may have been pulled out of thin air, whether it be $130 a month, $140 a month or any figure like it. This legislation does not contain a logical starting point. Rather than going along with any figure that the NDP might pull out of the air, I would suggest that the reasonable starting point is that established by the Economic Council of Canada, namely, the poverty line. Perhaps our starting point ought to be slightly above that because any lower figure will not bear scrutiny.

There is another area that I want to touch on briefly. I think it is a tragic circumstance that the people to whom I am about to refer have not been recognized in the legislation before us. I am talking about the husband, for instance, who has reached the age at which he is entitled to the old age pension and supplement, possibly, if he has no other means of livelihood, and whose wife has not reached that age; she might be any age under pensionable age. I am thinking particularly of wives who are not yet 65 and do not possess an earning capacity. I know the minister can say that the man who has reached 65 will be treated as a single pensioner and must look elsewhere for the necessary sustenance if he is to keep alive and maintain a roof over his head; in other words, he must look to the provincial welfare agency.

Mr. Speaker, a great many old people do not find it easy to approach such agencies. I have personally known of male pensioners who decided to stick it out, possibly for four or five years, until their wives became eligible for pension. It is not fair to ask such people to undergo these ordeals and I think their plight ought to be recognized. I realize that there must be a starting age for eligibility for the old age pension and I do not suggest at this point that 65 is not reasonable. Neither do I suggest that the basic age be changed. However, I am sure the minister will recognize that a man is obligated to support his wife and family. Perhaps the minister could work out a formula involving the old age pension supplement which would take into account a man's obligations.

The government has said that it recognizes for all time, through this measure, the impact on our older citizens of rising living costs. We are told that a formula is to be established for automatically increasing benefits each year as living costs rise. The increase is to be connected to the consumer price index. If you ask a pensioner with no income save his pension and supplement what he knows about the cost of living, he will tell you that he does not know very much about the consumer price index, about the Economic Council of Canada or bodies like it. He will tell you that for him increases in the cost of living mean increases in the cost of keeping a roof over the head of himself and his wife. He will tell you that living cost increases mean more expensive food, clothing and all the other necessities of life.

These are the matters that concern him. He is not greatly concerned about statistics, about the consumer price index or anything like that. If the government really wants people with no means except pensions and supplements to cope with increases in living costs, it must make it possible for pensioners whose spouses have not yet reached pensionable age to meet rising living costs and live in dignity. I am surprised that the government has not recognized the importance of this point. At one point I thought they had. I do not know how many people are in that category, but the number must be fairly substantial. I do not know what their political impact is and I do not really care. I merely recognize that a fairly large segment of our people live under these tragic circumstances and I

want the government to recognize this problem and correct it.

• (1510)

These are the only two observations I wish to make. I welcome the improvement. However, I do not think the base has been established in any firm way: I think it has just been pulled out of the air, which leaves it open to more politicking. Perhaps the next study will tie the base to the poverty line or a little above it. Now that the government is suggesting it is being improved and taken out of the political ring, I think we should have a sound base. The established poverty line or a little above it seems to be the most sensible base.

Mr. Lorne Nystrom (Yorkton-Melville): Mr. Speaker, I wish to make a few comments on Bill C-207. In general, I welcome the amendments to the Old Age Security Act. In my constituency there are over 8,000 pensioners. I receive a lot of mail and many representations from them. In the past, pensions have been far from adequate. Many pensioners are living in poverty; their housing conditions are deplorable. This bill recognizes the need to help these people. I wish legislation of this type had been introduced into the House several years ago; I feel it is late now.

I wish to make two points which I hope the minister will take into consideration for future amendments to the legislation. We should be talking in terms of an early retirement for our older people. I receive many representations from people who want to retire at age 60, partly because of the problem of finding employment and partly because in an age of technology and cybernation there is less and less reason for people to work beyond age 60. I urge the minister to amend the Old Age Security Act and the Canada Pension Plan to allow people to retire at age 60 if they wish. Many citizens in this country would like us to move toward this goal now.

Second, the pension for senior citizens should be raised to $150 per month. The basic pension of $80 is much too low. I note that the Leader of the Opposition (Mr. Stanfield) said that $150 a month would be too costly. I disagree. I urge that the basic pension be raised to $150 per month and that there be a cost of living escalator clause. I find it very encouraging that many pensioners in this country are now starting to organize pressure and lobby groups. There is the Pensioners for Action Now group in British Columbia, and a similar group in Saskatchewan. Some of the credit for pension improvements must go to these organizations. I encourage pensioners to organize and put pressure on the government in every way possible.

The money needed to raise pensions to a much higher rate is available. Other groups in our society receive these benefits. There are tax write-offs to corporations. Surely we can spend more money to help the old age pensioners of this country. They deserve it and should have it. I hope the minister considers these two very important matters and does something about them in the near future. I refer to the need for an earlier retirement age and a higher basic rate of pension.

[Mr. Peddle.]

[*Translation*]

Mr. Henry Latulippe (Compton): Mr. Speaker, I shall speak briefly; I will just say a few words.

Not only shall I not condemn this government, but I shall congratulate it for having introduced this measure tending to increase the old age security payments. We know that this increase will be welcome, but it should have been granted a long time ago. In fact, we have been calling for it for several years and, a few months ago, we put considerable pressure on the authorities requesting that this increase be granted.

However, Mr. Speaker, why are pensions being increased? Because the cost of living is rising. Is this a valid reason?

At the present time, we are wondering, on the one hand, why the cost of living is increasing and, on the other hand, why the government is not doing anything to stop it.

The increase in pension will certainly be offset by the increase in the cost of living to such an extent that we shall have to start all over again within the next few months. Following this increase, our senior citizens will witness an increase in the cost of living, an increase in the rates of the homes in which they live, and will find themselves in the same old predicament.

Mr. Béchard: Why, then, increase the cost of living?

Mr. Latulippe: We are asking for a pension increase and a price adjustment.

If we could bring about a price adjustment and, thus, prevent an increase in the cost of living, the pensions would be justified and increasing the pensions would do a great service to the public.

Pensions are being increased but the cost of living is also rising. There is no solution to all that. We certainly agree with pension increases, but, at the same time, we deplore the increasing cost of living. The government must at all costs find a way to adjust prices through compensated discounts which could be deducted from the total surplus of national production.

National production will reach about one hundred billion dollars in the 1972-73 fiscal year, whereas consumption will be about sixty billion dollars. Production prices should be sixty billion dollars because, through a logical approach, the government could decrease prices and have the 100 billion dollars production sold for 60 billions. Through other methods, the government could also issue credits to provide or increase pensions which would keep the cost of living from increasing.

Mr. Speaker, we would avoid cost of living increases through price readjustments and a total readjustment of production and consumption. We could then achieve something. We could arrive at a certain level of stability that would allow products to be sold more easily, in increasing the purchasing power and at the same time price increases would be avoided.

In view of the present economic situation, we are all happy that our senior citizens will get an increase to the guaranteed income supplement. But they will be all the more unhappy to realize eventually that they do not profit

by this increase, that prices go on increasing and that the purchasing power diminishes even more.

Mr. Speaker, I ask the government to open their eyes and to consider the proposed solutions. If they do not find better solutions, they can always examine those which have been proposed and try to implement them.

We are pleased with the increase but, at the same time, we deplore the fact that this will not solve the problem. There is no possible solution on that side. When pensions are increased and services improved, it is also necessary, in order to balance the economy, to find a logical, technical and philosophical means of preventing an increase in the cost of living. Yet, former governments have never thought of it. They have never stopped to consider the problem, to study that philosophical and technical economy which would solve the problem once and for all.

Mr. Speaker, our economy is like a giant motor without a throttle-value: it runs either too fast or too slow. Here is the solution we propose: let us fix a throttle-value on that economic motor which is very good, very powerful and has everything it takes. But our system has no controls. We suggest that the big economic motor be equipped with a regulator to maintain some price stability.

Mr. Speaker, I do not want to repeat what has already been said, as I do not want to hold up the business of the house. We are very anxious, like all hon. members, to see passage of that pension increase. We are anxious, like all other hon. members, to see our senior citizens receive that increase.

• (1520)

[*English*]

Mr. Paul Yewchuk (Athabasca): Mr. Speaker, I should like to make a few comments on Bill C-207. I will not be long, so as to enable other hon. members to speak today if they so desire.

There are a couple of points missing from the bill which are an oversight of the minister, either foreseen or deliberate. One relates to a problem with which I am sure we are all familiar; it exists among aged couples pretty well universally. Because the habit in this country is for men to marry women younger than themselves, it follows that married men reach pensionable age sooner than their wives. It is also a fact of Canadian life that most women in their later years do not earn any income because traditionally their work is confined to taking care of the household, this so far being a non-paying position, speaking in general terms.

My first suggestion for improving this legislation is to ask the government to consider seriously extending the pension to the wife as well as to the husband as soon as the husband becomes of pensionable age. I have numerous acquaintances in my constituency, men who are aged 65—most of them agricultural workers, of course, my constituency being an agricultural one—and are retiring, with no other source of income. They have to support themselves and their wives on one pension. As I am sure even the Minister of Industry, Trade and Commerce (Mr. Pepin), who is here today, will admit, the pension being paid one person is not even sufficient to make adequate provision for his needs, and when he is also obligated to provide for his wife the situation becomes very difficult. Indeed, in view of the cost of rent, food and clothing the situation becomes impossible.

In some cases a man who qualifies for pension is forced to continue working until his wife reaches pensionable age, in which case he loses his guaranteed income supplement; or the wife is forced to go out to work until she receives a pension. Because many wives are not accustomed to going out to work, an extremely large burden is placed on the household until the wife reaches pensionable age. Therefore I would ask the Minister of National Health and Welfare (Mr. Munro) why he neglected to consider this aspect of the pension plan. I am sure he is aware of the problem I have described. It is possible that he may have considered but rejected the idea. If this is the case, I should like him to state why he has rejected it and how he expects two people to live on one pension, at least until the wife becomes of pensionable age. If the minister does not expect them to do that, what else can they do? Is the wife supposed to apply for provincial welfare until she receives a pension, or should she go out to work to augment the family income?

The second point I wish to make relates to the agricultural policy of this government. The government's policy is designed to remove farmers from the land. As we know, a large number of agricultural workers in Canada are of middle age and are getting close to retirement age. Generally speaking, they are the ones most vulnerable to the difficult economic conditions our farmers are facing today. The people who are quitting the farms, through no choice of their own but because economic conditions are such that they can no longer earn a living on the farm, in most cases are in the 55 to 65 age bracket. Quite often they are unsuited to retraining and to relocating in order to take other jobs. In many cases their health is such that they cannot accept labouring work or work of an unskilled nature.

I suggest that in cases where farmers, as a result of economic conditions brought on by this government, are forced off the land, their pensionable age be lowered to 60 or 55. I do not think that is unreasonable. The contribution of these people to the building of this country, to the feeding of our people, and the amount of physical labour they have performed up to the time they are forced off the land, certainly warrants some kind of reward by way of an early pension which would allow them to retire from the land with some dignity and without the undue stress and strain involved in trying to become retrained for other types of employment.

• (1530)

Those are the two main points I wish the minister to consider. A wife should receive a pension as soon as her husband becomes pensionable. Second, in respect of farming people who have been forced off the land because of difficult economic conditions in agriculture, the age at which they become eligible for pension should be lowered from 65 to 60. I think this would serve a very useful purpose and the number of people involved, in relation to the whole, would not be very great.

Earlier today the hon. member for Calgary South (Mr. Mahoney) made some unkind remarks, as he usually does

when someone from our party is speaking, about the failure of the government headed by the right hon. member for Prince Albert (Mr. Diefenbaker) to do anything about increasing pensions for our senior citizens.

I have before me a résumé of pension increases since pensions were introduced in 1952. It shows that from 1952 to 1957 a Liberal government raised the pension from $40 to $46. In 1957 it was immediately raised to $55 a month when the new government came into power. Five years later, in 1963, it was raised to $75. From 1967 to 1972 the basic pension was increased to $75, and then to a grand total of $80. So we can see that the generosity of the party the hon. member represents is not very great.

We recognize that some of the changes contained in Bill C-207 are quite useful. The idea of bringing in an escalator clause is good, but I am not convinced that the way it is set up will accomplish what is intended. I hope that when we have before us the regulations in this regard the matter will be clarified.

I conclude by saying that our senior citizens have been responsible for building this nation to the state in which it is today. In many parts of our country the senior citizens arrived in wilderness areas as pioneers. Through their efforts, physical, emotional and otherwise, they converted the wilderness into beautiful, productive country. Many of them were able to save sufficient funds to be comfortable in their old age. However, many were unable to do so, and it is in respect of this group that I emphasize the country owes them a decent living in repayment of their contribution to the conversion of what was wilderness into a beautiful, developed country.

I note the minister has left the House. He probably found my remarks boring. However, I plead with him to seriously consider the two suggestions I have made and urge that he endeavour to bring in appropriate amendments to the bill before it is passed by the House.

Mr. G. W. Baldwin (Peace River): Mr. Speaker, I shall not detain the House long because we want to get this bill through the House today. It will go to the committee, where I hope it will be dealt with very quickly. I join my hon. friend from Winnipeg North Centre (Mr. Knowles) who in commenting on the bill referred to the sheer cynicism which is evidenced by bringing it forward at this time. I also join my colleagues on this side of the House who have made brilliant speeches and have adequately dealt with the bill.

I stress the difficulty we experience in respect of legislation of this kind in attempting to meet our commitments. This measure has been subjected to amending motions by our party and by my friends to the left. These amendments have been voted against time and time again by hon. members opposite. Now we are confronted with the legislation, under these circumstances, because of sheer political banditry. It is precisely the same as the other circumstance I raised today about these issues being parallel.

While being interviewed on January 9, 1972, by Mr. Peter Desbarats, the Prime Minister (Mr. Trudeau) was asked about a number of bills which I believe included this bill, and also about election expenses. I put this matter to the House because the principle is precisely the same. At that time the Prime Minister said:

> Well, quite candidly, one is a question of time. We did tackle this problem along with many others. We didn't bring it to the point where we could introduce legislation in time for the next election, which would have had to be many many months ago in order that the old election machinery and the electoral officers and so on be able to readjust to whatever new laws we . . . So, it's something we would have had to do, you know, a year ago to become effective.

Later in the interview the Prime Minister said:

> We have a very good report by Hyliard Chappell which came out a few months ago, it came out too late to be passed through Parliament in time to be effective for this present election.

But yesterday, on this note, the Prime Minister said:

> —this very morning in cabinet we approved a bill doing exactly those things—limiting campaign expenditures and having the state pay at least part of the bill of election expenses . . . so I consulted Don Macdonald and we decided to blow it tonight.

The bill is to be introduced on Tuesday. Under these conditions it is very difficult for this party and the opposition in general to conform with the view of the government with regard to the legislation which is to be introduced. I mention this matter in the hope that it might be an object lesson to my friends opposite, so that when they come to the serious problem of introducing legislation to this House they will do so having in mind the needs of the country rather than political cynicism.

Hon. P. M. Mahoney (Minister of State): Mr. Speaker, my remarks will be even more brief. In view of the credit just claimed by the hon. member for Athabasca (Mr. Yewchuk) for the Conservative government's $10 per month increases in the old age security pension in 1962 and 1963, I think we should all regard with a great deal of seriousness the allegations of political cynicism emanating from the hon. member for Peace River (Mr. Baldwin).

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

Some hon. Members: Question.

Motion agreed to, bill read the second time and referred to the Standing Committee on Health, Welfare and Social Affairs.

* * *

• (1540)

PENSION ACT, WAR VETERANS ALLOWANCE ACT AND OTHER ACTS

AMENDMENT TO PROVIDE FOR ANNUAL ADJUSTMENT OF PENSIONS AND ALLOWANCES

Hon. Arthur Laing (Minister of Veterans Affairs) moved that Bill C-208, to amend the Pension Act, the War Veterans Allowance Act, the Civilian War Pensions and Allowance Act, the Children of War Dead (Education Assistance) Act and the Department of Veterans Affairs Act, to provide for the annual adjustment of pensions and allowances payable thereunder, be read the second time and referred to the Standing Committee on Veterans Affairs.

Mr. Baldwin: Mr. Speaker, with all due respect, I do not know whether there has been general distribution of copies of the bill. I do not have one. Perhaps there has been a selective distribution.

Mr. Knowles (Winnipeg North Centre): I have mine.

The Acting Speaker (Mr. Laniel): I see that the hon. member has now received a copy.

Hon. Arthur Laing (Minister of Veterans Affairs): Mr. Speaker, my remarks on this bill will be relatively brief because although the measure is an important one it is quite simple and straightforward. My colleague, the Minister of Finance (Mr. Turner), in his budget speech on May 8 announced that legislation would be introduced to provide for the annual adjustment of veterans pensions and allowances to reflect changes in the cost of living. This bill will give effect to that undertaking.

In the past there never has been any clear principle governing the general changes made from time to time in the amount paid in veterans pensions or allowances. In recent years the rates have been reviewed every two years or so, but the basis and the exact timing of the reviews were never before spelled out and made public. Veterans and their families, or widows, had no certainty as to the amounts of the payments they might receive from year to year.

This bill will for the first time remove that uncertainty. It spells out clearly the fact that the pensions and allowances will be adjusted annually, that when changes based on living costs are warranted they will take effect on January 1, and that the amount of these changes will be arithmetically and automatically determined by the movement of the consumer price index. The adjustment will be made as of right. No longer will it be necessary for veterans organizations to come and plead for a review to recognize the shrinkage in the real value of veterans benefits because of price increases. The review will be statutory and annual and governed by the principle recited in the legislation itself. The bill, therefore, is a new landmark in the veterans' charter.

Hon. members will have noted that this is an omnibus bill to amend five different statutes, but the principle in all cases is the same. The first statute involved is the Pension Act, under which disability pensions and various allowances are paid to veterans, and also pensions are paid in specified circumstances to the widows or orphans of veterans. I should like to emphasize that the new principle of automatic escalation will apply not only to the pensions themselves but also to the various periodic allowances arising from this act. This includes attendance allowance, clothing allowance, dependant parents allowance and also the new exceptional incapacity allowance that was first enacted about a year ago.

Another point which I would like to stress is that the present bill relates only to the question of changes related to the cost of living; in other words, to the principle of escalation. Veterans organizations have also been making representations to the government with regard to the basic rates of pensions. In other words, apart from the periodic changes in rates there is also the question as to whether or not the pensions stand on the right base. I want to say clearly that this question of basic rates is under careful study. At this time I cannot predict the outcome of that study but I do want to point out that the present measure should not be regarded as being prejudicial in any way to the review of this question of basic rates. They are two different questions.

The second statute affected by this bill is the War Veterans Allowance Act, and here too the method of escalation will be the same. As in the case of other recent increases in this allowance, the statutory ceilings will be increased by the same amounts and not by the same percentages as the maximum allowances; in other words, the margin between the maximum allowances and the total income ceilings will remain unchanged.

Another matter of considerable interest in this connection is the question of how the current increases under the Old Age Security Act, also announced in the budget, will be treated for purposes of war veterans allowance. I am pleased to announce that the government intends to seek authority from the governor in council for a regulation exempting these increases under the Old Age Security Act so that they are not treated as income when computing entitlement under the War Veterans Allowance Act. These veterans, therefore, will quite properly qualify for the increases both as veterans and as citizens.

The third statute involved is the Civilian War Pensions and Allowances Act, which relates to various groups of quasi-military personnel such as merchant seamen, auxiliary services personnel, firefighters and the like. These groups will enjoy exactly the same kind of escalation both with regard to disability pensions and with regard to civilian war allowances.

The fourth statute is the Children of War Dead (Education Assistance) Act, which provides for tuition fees and living costs of qualified young persons. Here again, the escalation will be automatic and will conform with changes in the consumer price index. The fifth of the statutes affected is the Department of Veterans Affairs Act. The purpose of this amendment is to provide that exactly the same kind of escalation may apply, as of January 1, 1972, to those who may be in receipt of treatment allowance. Hon. members will recall that the purpose of treatment allowance is to raise the payment made to a disability pensioner up to the equivalent of 100 per cent pension when he is under treatment in hospital for his pensionable disability.

Mr. Speaker, I promised to be brief. I have described the substance of this bill. It is simple but it establishes an important new right. Hon. members will certainly agree that Canada's veterans should not be expected to make supplication in matters of this kind. Cost of living changes are measurable and it is self-evident that they should be met by a standardized procedure such as that defined in this bill.

I should like to make one other point. Officials of my department are already making provisional arrangements for the issuance of cheques to cover the retroactive aspect of all these adjustments, and also to amend the amounts of subsequent cheques in accordance with the provisions of this bill. While I cannot say at this time exactly when the amended cheques can be distributed, I can assure the

House that the revision will be completed at the earliest possible moment.

I apologize to the House for directing my attention almost totally to the notes with which I was provided, but hon. members will realize that this is quite a complex matter with which I am still trying to become familiar.

Mr. Baldwin: I rise on a point of order only to point out to Your Honour and the House that members of our party who are particularly interested in this matter are unavoidably absent today, in the belief that the previous measure would have taken a little longer than it did. However, we are quite happy to let the hon. member for Winnipeg North Centre (Mr. Knowles), who will be speaking for his party, precede us if it is understood—we are not asking for an order to be made—that members of our party will be allowed to speak on Tuesday after the hon. member for Winnipeg North Centre has completed his remarks.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, I find myself in the position of having to say a few complimentary words in at least two directions. First of all, I am grateful to my friend, the hon. member for Peace River (Mr. Baldwin), for allowing me to speak ahead of a representative of the official opposition. I can understand the absence of the several members of that party who would be speaking on this matter, since they did not expect it to be reached this soon, but I dare to suggest that the views I shall express are probably the views that they would express if they were here this afternoon.

• (1550)

The other pleasant word I want to offer is to suggest to the Minister of Veterans Affairs (Mr. Laing) that if the speech he made this afternoon is—and I believe it is—a sample of the attitude he takes toward veterans affairs, he ought to reconsider his decision about not running again.

Some hon. Members: Hear, hear!

Mr. Knowles (Winnipeg North Centre): I grant that as a Liberal he might have trouble getting elected in Vancouver South, but let us assume he could get elected somewhere, and if the Liberals were still in power I would hope he might continue in his position as Minister of Veterans Affairs. I say that, Mr. Speaker, because when suddenly it became obvious that this bill was going to be reached this afternoon I made some quick notes about the points I wanted to make and the questions I wanted to ask. The minister dealt with each one of them, and not only dealt with them but dealt with them very satisfactorily. That is why I wish he were not retiring.

I suppose, Mr. Speaker, that this is an area where it is not unusual for there to be this all-party approach, because it is true that in the veterans affairs committee we seem to have less partisanship than in almost any committee of the House. We meet in that committee, some members as veterans and some of us not, deeply conscious of our debt to those who have served us in a number of wars, and it is our supreme desire as members of the committee to see that the best possible deal is provided for our veterans.

[Mr. Laing.]

I said, Mr. Speaker, that I had made a few notes about questions which the minister has answered already. But even so, may I underline the points that have now been made clear. I think the most important thing he said in his few remarks was that the cost of living escalator being provided by this legislation is not a substitute for an adjustment in the basic rate of pensions. I trust that applies to all pensions and allowances, those under the Pension Act, under the War Veterans Allowance Act and under the other pieces of veterans legislation. As the minister must know, because there have been some press releases already from veterans organizations, the notion that this 3.6 per cent increase might be what the minister has been talking about lately when he has referred to possible increases in veterans pensions has been very annoying, and veterans have said that this is not good enough. They are absolutely right and the minister has answered that he agrees.

I said the same thing earlier to the Minister of National Health and Welfare (Mr. Munro), that the cost of living increase to be added to the basic $80 pension must not be a substitute for increasing that basic $80. I thank the Minister of Veterans Affairs for making it clear that the escalation, according to the cost of living, being provided in this piece of legislation is an extra and not something that is offered in substitution for an adjustment in the basic rates.

I trust that the review of the basic rates which is going on will be pursued diligently. I suppose that if the minister is going to stay with his determination not to run in the next election it means he does not have to go out on the campaign hustings. He can still be Minister of Veterans Affairs until the date of the next election, so he can stay in Ottawa and see to it that the department works hard on this question of basic rates.

I plead that when the department is discussing basic rates it should consider not only the disability rates under the Pension Act but also the basic rates set out in the War Veterans Allowance Act and the rates of various other allowances. The minister is moving his head to indicate that that is correct. Even though I seem to be spelling it out in full, Mr. Speaker, I think it is most important that it be spelled out. If the minister had not said what he did, we would be blasting him now. It is extremely good to see that these cost of living increases, to be made annually on a statutory basis, will not now or in the future be a substitute for an increase in the basic rates.

I still make the same comment about escalation in relation to this bill that I made in relation to the old age security pension. I still do not think it is good enough to escalate only according to the rise in the cost of living. That is better than no escalation at all. It is better than an escalation limited to 2 per cent. But I think our veterans in particular are entitled to share in the increased standard of living and that some day we will have to tie this escalation to a better formula than the rise in the cost of living.

A second note I made was to ask whether these increases would apply to all the pensions and allowances, and two I had in mind were the special incapacity allowance and the treatment allowance. By mental telepathy, or perhaps just by coincidence, the minister mentioned both of them and underlined the fact that what is being pro-

posed in this bill is provision to escalate, according to the cost of living formula, all the allowances that are paid under any and all of the statutes respecting veterans.

Those were two of the points that I noted down. The third was one that I spoke about this morning when we were debating Bill C-207, the bill to amend the Old Age Security Act, namely, the question of the ceiling on the permissible income that applies to recipients of the war veterans allowance. As I said this morning, Mr. Speaker, if one looks only at the terms of Bill C-208 there is a terrible deficiency because all it permits is for the permissible income ceiling to be increased by the same number of dollars that the allowance payable is increased as a result of the application of the formula. A single veteran's maximum allowance is $121, and 3.6 per cent of that is only $4.35. A married veteran's maximum allowance is $201, and 3.6 per cent of that is only $7.23. If that is all that were to happen, if permissible income ceilings were to be increased only by those figures, then we would have the war veterans allowance recipient getting no advantage from the $15 or $30 increase in the guaranteed income supplement provided by the Minister of National Health and Welfare in his legislation.

The minister has met that point most satisfactorily. He tells us that an order in council will be sought to exempt the extra $15 or extra $30 from the provisions respecting the ceiling, in the same way as for a number of years the 2 per cent addition has been exempted. This means, if I took the minister correctly—I want to get one more nod of the head from him—that in addition to the provision in the bill itself for raising the ceiling by $4.35 single and $7.23 married, there will be an order in council raising it by $15 or $30 so that the war veterans allowance recipient this time will get both. He will get the 3.6 per cent increase in the allowance he is receiving, and he will also get the benefit of the extra $15 under the guaranteed income supplement, which means that this year the single war veterans allowance recipient who is at the maximum can anticipate an increase of $19.35—that is, $15 plus $4.35—and the married war veterans allowance recipient who is at the maximum can anticipate an increase of $37.23, the $30 guaranteed income supplement and the $7.23 increase in the war veterans allowance as a result of this bill. If the minister will just nod his head to that, I will be very happy to call it four o'clock.

• (1600)

Mr. Speaker: Order, please. Before the minister nods to anything, I shall have to call it four o'clock.

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, may I just ask the minister to be ready to nod his head when we come back to this bill on Tuesday. Four o'clock.

Mr. Speaker: It being four o'clock, the House will now proceed to the consideration of private members' business as listed on today's order paper, namely, notices of motions.

Marine Resources Development Study

PRIVATE MEMBERS' MOTIONS

FISHERIES

SUGGESTED IN-DEPTH STUDY OF MARINE RESOURCES AND THEIR DEVELOPMENT

Mr. J. M. Forrestall (Dartmouth-Halifax East) moved:

That in the opinion of this House, the government should consider the development, encouragement and maintenance of a co-ordinated, comprehensive, and long-range national program for the recovery and use of the resources of Canada's sea coast waters and continental shelves; and to this end, effectively utilize the scientific and engineering knowledge and skills of the public service and government agencies and co-operate with private investment enterprise in the exploration, technological development and industrial use of the resources of the marine environment of Canada.

He said: Mr. Speaker, I appreciate for the third time in the last two years an opportunity to address a few remarks to the chamber on the question of the resource that is the ocean around us. I first raised this matter on November 30, 1970, I had an opportunity to deal with it again on December 3, 1971, and I appreciate this further opportunity today.

In a world where the natural resources of the land are becoming more scarce, and where the pervading threat of famine is constant, the ocean and all its possibilities take on a new light. Throughout world history the ocean has played a major role in the life of countries. It has been alternately an avenue for transport in global commerce, a natural barrier contributing to national security and independence, and an arena for conflict. In the seventies the ocean is again emerging at the centre of world power. Not only are submarine missile systems a most important, if not the most important, component of military power nowadays but growing interest in the resources of the continental shelf and the possibility of exploiting these resources on a commercial scale opens up the perspective of a scramble for the sea between nations. In such a context, the whole nature of the sea is altered. However, if the resources of the ocean carry with them frightening consequences, they also generate positive economic effects. The present trend of countries toward the exploitation of the resources of the continental shelf, for example, opens up new, wide possibilities.

For a country such as Canada, where the continental shelf covers an estimated 1,470,000 square miles—an area equivalent to 38 per cent of the total land and freshwater area of the country—the future seems bright. For once, the east coast shall not be excluded from that bright future for its continental shelf covers an estimated area of 430,000 square miles, or over twice the immediately adjacent area of the four Atlantic provinces.

The mineral potential of the ocean certainly lives up to expectations. It is estimated that each cubic mile of sea water contains about 166 million tons of mineral salts; and when one considers that the ocean contains 317 million cubic miles of water, the resources seem astonishing. Chlorine and sodium constitute 84 per cent of these salts; another 9 per cent is constituted by five other elements, magnesium, sulphur, calcium, potassium and bromine, and some 50 or more elements make up the remainder.

Marine Resources Development Study

But even more impressive are the unexplored resources of the ocean bed. Manganese nodules from the deep ocean floor, for example, have been estimated by Dr. John Mero to contain, in total, enough copper to supply industry for 6,000 years, aluminum for 20,000 years and manganese for 400,000 years at the 1960 rate of consumption. Even in our progressive age, the age of change, these proportions seem quite astonishing and astounding. The ocean is also very interesting in the field of oil and gas exploitation. These two elements represent more than 90 per cent, by value, of all minerals obtained from the ocean and have the greatest potential for the near future.

At the moment, offshore sources are responsible for 17 per cent of the oil and 6 per cent of the natural gas produced by western or non-communist countries. Projections indicate that by 1980 a third of the oil production—four times the present output of 6.5 million barrels a day—will come from the ocean. The increase in gas production is expected to be comparable. These projections are particularly interesting for Canada. Indeed, while the actual exploration of oil is still at an early stage, research and geophysical surveys have been carried out for 20 years now by such institutions as the Geological Survey of Canada, the Bedford Institute, and Dalhousie University.

In 1960 the first offshore permits were issued for oil exploration, and since then the petroleum industry has spent millions of dollars on actual exploration, construction of rigs, and so on. The first wells drilled six years ago, two off the west coast, two on the Grand Banks and one on Sable Island off the east coast of Nova Scotia, have demonstrated to us the capability for which we are striving. We now know, for example, that all the land on the continental shelf off the east coast, and particularly within the jurisdiction of the four Atlantic provinces, is under exploration permits. This is an indication of the fact that we are indeed striving.

With this accrued emphasis on the mineral resources of the ocean, techniques in diving and in living in the sea take on new light and importance. Progress has been impressive in the last few decades. While the nineteenth century saw the first practical versions of the modern, closed diving suit, scuba apparatus and the development of the submarine in its modern form, the twentieth century has seen technological advances of all kinds from the bathyscaphe to the aqualung, from saturation diving to the underwater bases of Conshelf and Sealab. It also saw the first nuclear submarine, *Nautilus*, put out to sea in 1955, and the deepest descent in the ocean—a descent to 35,800 feet on the floor of the Marianas Trench—in 1960 by two men, Jacques Piccard and Lieutenant Don Welsh.

At the moment, basic means to explore and utilize the undersea world are considered the prime requisites of marine technology. These range from survey equipment to power sources, from materials for more reliable equipment to mooring systems, buoys and surface support platforms, from biomedicine progress to environmental information. Considerable technology already exists for the penetration by man himself, assisted by various devices, to depths ranging from 500 to 1,000 feet. The United States commission on marine science, engineering and resources considers that it is realistically possible for the United States to utilize the continental shelf and slope to depths

[Mr. Forrestall.]

of 2,000 feet within ten years, and to achieve a similar capability to depths of 20,000 feet within 30 years. This advanced technology does not in itself produce significant changes in industry, but it certainly opens up new avenues. Desalination, sub-bottom and deep water mining, power generation from waves, currents, tides and thermal differences are only a few examples of future possibilities.

What does Canada need to do or focus on in the future? Certainly research is very important to explore new possibilities and to find ways of exploiting the resources already discovered. And, as both the Economic Council of Canada and the Science Council of Canada have stated, research in Canada adds to productivity and profit in industry. At present, the federal government spends about 7 per cent of its research and development budget on marine science. While such a percentage seems high when one considers that marine research represents only 1 per cent of the national research and development expenditure in Great Britain and West Germany, it is not enough.

• (1610)

The federal money is channelled mainly through three departments, the Department of Energy, Mines and Resources, the Department of Fisheries and the Department of Transport. Basic research has been successfully undertaken but very little effort and expenditure has yet been put on methods of exploiting the resources of the sea itself and the continental shelf. Such practical applications as continental shelf laboratories, deep exploration submersible systems and test facilities should be included in the present study with respect to marine science.

However, while research is central to Canadian development of the continental shelf, a clear statement of Canadian goals in the field of marine resources is very much needed to provide guidelines for future development. Our southern neighbour, the United States, has already made extensive examination of the uses of the sea in relation to national goals. Indeed, the commission on marine science, engineering and resources reported to the President in 1969 in a document entitled "Our Nation and the Sea". The commission clearly stated: "The nation's stake in the uses of the sea is synonymous with the promise and threat of tomorrow".

Translating that to our own scene, for Canadians the promise lies in new economic opportunities, a great stimulus to business, industry and employment and new sources of minerals and food. It lies, also, in expanding the nation's horizons and in strengthening its international position and peaceful collaboration among nations. The threat lies in the potential destruction of large parts of the coastal environment and in the further deterioration of recreational facilities, coastal shell fisheries and fisheries on the high seas. There is also the threat that unbridled international competition for the sea's resources may provoke conflict. That we do not want. I suggest that with careful and prudent planning such extremes can be avoided.

The report does not confine itself to defining the relationship between the uses of the sea and national goals; it also sets out definite goals that the United States should

aim at fulfilling in the next 30 years. Among these goals is the capability to utilize the continental shelf and slope to depths of 2,000 feet within ten years and a similar capability to depths of 20,000 feet within the next 30 years. Such a definitive statement has been avoided in Canada and this, I think, is regrettable. It is high time that our country incorporated in its national goals a consciousness for the sea and a development plan to exploit the resources of the ocean. That plan must be developed in a manner which will meet our demands in respect of the ecology of the areas I have mentioned.

The 1970 report of the committee on marine science and technology could very well be used as a starting point in a major program of marine science. The committee suggested various mechanisms in the process of the formulation and implementation of a national marine policy. In my opinion, the first stage should be reached through a widely representative national board on marine activity that would make recommendations to the minister responsible to the House for science policy. The implementation and co-ordination of such policy should then be the responsibility of bodies or agencies with marine or maritime interests, such as, for example, the existing Canadian Committee on Oceanography.

I might add that the Canadian Development Corporation should be brought into the picture. This Crown corporation would be responsible for organizing marine development and innovation projects in industry. It would also be responsible for the rapid establishment of a solid technological base and for the promotion of marketing products and services at home and abroad. Marine environmental problems would be kept under review by the proposed environmental council reporting directly to the office of the Prime Minister. It is only through such structures, Mr. Speaker, that Canada will be able to set up a concrete and definite marine policy.

Given the growing importance of the ocean strategically and commercially and the vastness of the continental shelf, a great potential lies ahead and we should take steps now to ensure a rational and profitable exploitation of these resources. The time of decision is here. Multiple pressures force the nation to turn to the sea and multiple opportunities await the seaward-turning.

Mr. Maurice Foster (Algoma): Mr. Speaker, the notice of motion before the House in the name of the hon. member for Dartmouth-Halifax East (Mr. Forrestall) is most interesting. If I may give an outline of it in precis form, it says that the government should consider developing a national program for the use of the resources of our sea and marine environment. I think that in his speech the hon. member gave an excellent outline of his ideas and told us about the potential of our sea bed and marine resources.

I am sure hon. members are aware of the vast resources of Canada's continental shelf and of the resources adjacent to our sea coasts under the surface of the sea. I am referring to mineral resources and particularly to oil about which the public has heard so much lately. These resources are to be found in the Arctic, off the west coast and off the east coast, the part of our country about which the hon. member was speaking. Of course, an equally important part of these resources is to be found in the waters themselves, namely, the fisheries resources which have been important to this country historically and still hold an important place in our economic life.

These resources, however, are under pressure from many sides. This pressure comes principally from overharvesting and the destruction through pollution of the life-giving qualities of this milieu. It is this last threat that I wish to deal with briefly this afternoon. It is not feasible within the short time allotted, or even if there were considerable time at our disposal, as well as a large staff, to begin scratching much more than the surface of the subject of marine pollution.

Pollution in the coastal ocean—I refer to that part of the ocean over the continental shelf—arises from injections of waste by industries, municipalities, towns and villages along our maritime coasts as well as from the discharge of inland pollutants through tributaries and rivers flowing into the ocean. Considering the immense volume of the ocean and the relatively puny amounts of waste generated by man, it is surprising that these wastes cause such profound changes in the coastal ocean. The coastal ocean is relatively shallow and narrow and consequently there is a limited amount of water in the region to absorb the waste flowing into it.

Although waste disposal operations in coastal ocean areas are not a worldwide problem, they are serious for many developed countries. The coastal ocean is especially rich in marine life, providing most of the world's fish production and about 10 per cent of the world's protein. Coastal and estuarine waters and marshlands provide the nutrients, nursing areas and spawning grounds for two-thirds of the world's entire fisheries harvests. Seven of the ten most valuable species of the American commercial fisheries catch spend part of their lives in estuarine waters.

• (1620)

The high productivity of estuarine areas is illustrated by the following example. The maximum yield of Georgia estuarine waters has been estimated at ten tons of dry organic matter per acre per year, nearly twice that of the best agricultural land and seven times that of the Grand Banks. Pollution is an ever increasing threat to the estuaries. Land filling, dredging, dumping and marsh draining have seriously reduced these areas. In the past 20 years in the United States, dredging and filling alone have destroyed 7 per cent of that nations important fish and wildlife estuarine habitats.

The reasons for the pressures on coastal zone usage are clear. There is a major shift of population from rural areas to the cities and many are located in coastal regions in one form or another, either salt water or fresh water. Private housing has and will continue to exercise the greatest demand for shore property, but there are other needs that must be met. Heavy industry, for example, traditionally is located on the water's edge where it seeks a cheap source of industrial water and transportation. It also provides a simple solution to waste disposal problems and ready access to raw material. Pollution abatement requirements have lessened somewhat the desirability of a waterfront industrial location, but recent trends in shipping have increased the demand for deep water frontage.

Deep water access will be essential to the future competitiveness of many of our Canadian industries.

Electrical power production has constantly increased over the past, roughly doubling each decade. This means that by the year 2000 we will require approximately eight times more hydroelectric energy power than we have at the present time. Fossil and nuclear-fueled generating facilities require vast amounts of cooling water, and the location of these plants must take into account the problems and potential benefits of warming the local waters in relation to ecological balances, recreation, and so on.

We know there is serious pollution in estuaries and that coastal fisheries and shellfish beds are contaminated. We do not have the evidence at hand to state categorically that pollution in causing damage to the ocean itself. We do know it poses serious threats to marine nursing areas and, potentially, to ocean fisheries. International attention has been attracted to this problem. Scientists are involved in and working with various committees and international organizations such as the Food and Agricultural Organization, the United Nations Educational, Scientific and Cultural Organization, the Intergovernmental Maritime Consultative Organization and the World Meteorological Organization.

This week, Mr. Maurice Strong, a prominent Canadian who is Secretary General to the United Nations Conference on the Human Environment, was in Ottawa. Hon. members will have read in the newspapers that Mr. Strong is pursuing very energetically his goal to achieve a greater degree of international co-operation in this field. However, the newspapers did not highlight the fact that Mr. Strong voiced satisfaction with Canada's role preparatory to the conference. Mr. Strong said, in effect, that to date Canada has been one of the major contributors. The Parliamentary Secretary to the Minister of the Environment (Mr. Corbin), who could not be here today, in his capacity as chairman of the preparatory committee recently toured the country to receive briefs from interested groups and individuals. Their opinions will help form a strong Canadian position at the conference.

In closing, Mr. Speaker, may I say that while I agree on the importance of effectively utilizing the scientific and engineering knowledge and skills of the public service and government agencies in order to maximize the use and protection of the resources of the marine environment of Canada, I consider that the degree of co-operation already achieved is impressive. This country is not only a leader in this field but it has accepted and has played a major role internationally.

Mr. Rod Thomson (Battleford-Kindersley): Mr. Speaker, I was not aware that this motion would be debated this afternoon. If I had kept in touch I might have done the same sort of work that obviously the previous two speakers have done. I should like to compliment the mover of the motion, and the hon. member who just completed his remarks, on the work they did in preparing their speeches.

I questioned the Minister of State for Science and Technology (Mr. Gillespie) about what Canada should be looking at in a specialized sense. The minister listed this field as being one with great potential. He stated that we had

sufficient expertise and a great deal of fresh water and sea coast, as well as areas where the water is not very deep, to enable Canada to specialize in developing new industries. I am thinking of the specialized area of oil drilling; this might be one area in which Canada could contribute significantly. We might even make economic use of this expertise in order to obtain benefits beyond those which other nations have achieved.

We have a submarine which might be used in drilling offshore. I am also thinking of the problems in this area. We can see the need for a program such as is suggested. I talked to an oil man just a few days ago. He told me about some of the problems of his company with regard to drilling for oil. He spoke about the problems they may have drilling in the middle of Hudson Bay, where the water is very cold. An oil spill there would obviously create a great problem. These people are learning much as they go along.

I think there is merit in the motion before us, in the sense that the knowledge gained by one company might be used by another, particularly when we consider the amount of oil and natural gas in Canada, the Arctic Islands, Hudson Bay and off the east and west coasts. A co-ordinated study such as the hon. member suggests would be very valuable to all concerned. I am dealing with only one area, oil. An over-all study of the problems associated with drilling for oil would be worth while, especially when we consider the Arctic Islands and the great stretches of water between them. When you have a natural resource, you take advantage of it. This is one of the reasons we should support the hon. member's motion.

I am a Saskatchewan farmer and am therefore not very familiar with fish farming. However, we do have fish in our Prairie slews. To date fish farming has been only an experimental program, a conversation piece and a bit of fun for the people involved. The results have been good, and I believe that if we adopted this approach on a larger scale to the waters of our coasts it could bring huge returns in an economic sense. But we must apply ourselves to a consistent program of fish farming.

• (1630)

[*Translation*]

Mr. Albert Béchard (Parliamentary Secretary to Minister of Justice): Mr. Speaker, I read carefully the motion of the hon. member which, incidentally, deals with a topic of the highest importance for the Canadian economy, namely the better use of our marine resources and others which will inevitably contribute much to our economy.

I have no intention of treating lightly the motion before the House this afternoon, but may I be allowed to ask where the mover of this motion has been these past few years. I understand he has dealt with mines, especially offshore deposits, but where was he when the government made giant strides in the control of Canadian fisheries? Either, he does not wish to recognize what Canada has done, or else he was not interested in that field of almost daily concern to the Canadians and epecially the government.

Dealing only with these resources which, in my view, are the real wealth of the sea, that is the living resources, I shall make a quick review of the initiatives taken by

Canada, both through our laws and regulations, the participation of the federal Department of Fisheries in studies and discussions with national fishing organizations, and through its very active and continuous participation in the proceedings of international agencies such as ICNAF, the Conference on the Law of the Sea, etc.

Fisheries, Mr. Speaker, as all hon. members know, have a very special and privileged position in the history of Canada. This is the most ancient Canadian primary industry. I suggest to the numerous members present this afternoon that the first international agreement between Canada—as an independent country—and a foreign country was the halibut treaty signed with the United States, in 1923, for the protection of halibut reserves in the Pacific ocean.

Moreover, the Fisheries Research Board of Canada, created in 1898, is the oldest research organization sponsored by the Canadian government.

The importance of commercial fishing in Canada—it has to be admitted—has relatively decreased for some time and the advent of the industrial era which thanks to God invaded our country brought about scores of industries of all kinds that took away an important part of the people who were practising agriculture and fishing.

In spite of the considerable industrialization that our country has known, fisheries remain, Mr. Speaker, of very great economic importance for our coastal provinces. Canadian fishermen catch over 150 species of fish or shell-fish around our harbours on the Atlantic Northwest and the Pacific Northwest. Fishermen and the Canadian fishing industry have invested $200 million for the purchase of boats, equipment and gear of various sorts and investments in land facilities exceed $100 million. Some 80,000 Canadians are employed in an industry directly related to fishing. Of those, roughly 30,000 depend directly on the catches for their livelihood.

Mr. Speaker, it is advisable to point out at this stage that, for a large number of fishermen from the east coast of Canada, including those in my riding, Bonaventure-Îles de la Madeleine, this direct reliance on fisheries is total, since it is their sole source of income. Hence, the pressing necessity to take adequate measures even if they are strict.

If we want to assure to an important sector of the Canadian population a continuous and sufficient supply of this natural resource for future generations, the federal government and the provincial governments, which in some provinces have jurisdiction over fisheries, have the duty to take action.

As I said earlier, Canada and the Fisheries Department in particular have certainly not been lagging in that field. You will remember, for instance, that after the failure of the Law of the Sea Conference of 1958 and 1960 to settle the issue of the extent of the territorial sea and the limits of jurisdiction over fisheries, despite efforts and campaigns conducted by Canada in favour of the proposal establishing the territorial sea of 3 miles with the addition of the fishing area of 9 miles and then the formula of 6 miles plus 6 miles, the Canadian government did not hesitate to go forward.

Marine Resources Development Study

Those who were sitting in the House in 1964—and you were one of them, Mr. Speaker, although you are primarily concerned with the sporting point of view—will remember that as a result of this failure, the Liberal government elected in 1963 and the Minister of Fisheries, hon. Hédard Robichaud had suggested the adoption of an exclusive fishing area of 9 miles contiguous to the 3 miles of the territorial sea. Thus, Canada has been one of the strongest advocates of this proposal.

As the many members present here this afternoon are aware, this courageous action of the Canadian government has not been readily accepted throughout the world. However, we can say that the contiguous area established in 1964 to protect our domestic fisheries is now recognized under international law.

But the latest developments in the field of the fishing industry have been marked by the sophistication of fishing boats and equipment both in Canada and in the other countries involved in this industry. Moreover, the alarming extermination of certain species meant imminent extinction for some of them because of overexploitation by Canadian fishermen and well-equipped foreign fishermen who came and still come with huge factory ships to rake the bottom of our seas and catch this natural ressources, to the extent that the government and particularly our fishermen grew exceedingly disturbed. This demonstrated that the 12 mile exclusive limit for fishing, excellent 10 or 15 years ago when we had affluence, no longer has its original magic character.

Faced with the indecision of international organizations as to the establishment of efficent legislation intended to protect our fisheries in general, particularly our off-shore fisheries, the Canadian government felt once more that it had to take unilateral while always bearing in mind the interests of the fishermen, of the Canadian citizen and consequently of Canada as a whole.

Therefore we have seen this government introduce a series of amendments to the Territorial Sea and Fishing Zones Act establishing exclusively Canadian fishing zones in the Gulf of St. Lawrence, for instance, as well as in the Bay of Fundy, the Dixon Entrance, the Hecate Strait, the Queen Charlotte Sound on the Pacific coast. At the same time and under the same legislation, Canads extended its territorial waters from 3 to 12 miles.

Of course, this Canadian initiative has not been accepted by all countries. There are varying opinions in this respect. Canada could have gone farther and claimed historically and geographically, full sovereignty on what is known as the "special water expanse". But the government has elected to guarantee our exclusive jurisdiction over fishing and, through another legislation, over pollution control in order to avoid any clashes that would jeopardize the forthcoming 1973 Conference on the Law of the Sea.

On the other hand, the interests of other countries directly affected by Canada's action have been taken into account and negotiations have been initiated with them with a view to obtaining that they phase out their traditional fishing practices in Canada's offshore waters.

Today, Mr. Speaker, it is heartening to note that the negotiations in regard to fishing, aiming at the withdrawal

of some countries that have been traditionally hosts in our waters are making headway and that many agreements have already been signed with these countries whereby they accept to withdraw from our waters beginning in 1978 or 1980.

• (1640)

Mr. Speaker, the Canadian government's position at this Conference on the Law of the Sea could be outlined, but I believe that other hon. members are very anxious to expound their views on the motion brought forward by the hon. member for Dartmouth-Halifax East (Mr. Forrestall), which has allowed us to show up the federal government's policy.

Much has been left undone, as I said before. However, I believe the Canadian government has adopted a positive stance and is aware that our fisheries must be protected so that our economy, our fishermen and Canadian citizens who derive a livelihood from this industry may continue to support their families in this way, and that action must be taken which, while it may sometimes seem drastic, is in the best interest of Canadians and Canada.

Mr. Alexandre Cyr (Gaspé): Mr. Speaker, I should like to say a few words on the motion of the hon. member for Dartmouth-Halifax East (Mr. Forrestall) and as my colleague from Bonaventure-Îles de la Madeleine (Mr. Béchard) gave such a good start to the debate on fisheries, which are one of our main resources in eastern Canada, I should also like to continue in the same vein.

As the hon. member has indicated, the government has taken many steps to protect our coastal waters and show that Canadians are interested in Canada's continental shelf. This country is ahead of many others in this field.

It is well known by all that many problems arise both on the Pacific and Atlantic coasts with respect to mineral and marine resources development.

The province of Quebec and, as was pointed out earlier by the mover of this motion, that of Nova Scotia have been exploring the marine subsoil for several years in the hope of finding oil. Those provinces want to derive high revenues, some day, from offshore oil fields. However, if there were revenues to be obtained, a conflict was to be expected between provincial and federal jurisdictions concerning offshore rights.

The federal government took the lead and offered to share with the provinces any revenues which might be derived from offshore mining. This may be the best way to solve the conflict, since under present conditions, particularly where regional economic expansion is concerned, the Canadian government levies even higher taxes from the have provinces to distribute them to the have-not provinces of the Atlantic and Quebec.

Therefore, if revenues have to be shared between the have and the have-not provinces, any revenues that might be derived from offshore mining in Canada will have to benefit all Canadians and all provinces.

Mr. Speaker, the purpose of the motion before us is to allow the federal government to maintain on a national scale a long term and well coordinated program for the collection and use of our coastal water resources. The federal government must continue its research operations aiming at the maximum utilization of the resources along the Canadian shore line. But as always the scientists' first priority must be the protection of our environment. In fact, the hon. member mentioned this in his motion.

At the annual meeting of the National Council of Marine Leagues in Canada which was held in Ottawa on April 14, 1972, Mr. A. W. May from the Department of the Environment made a speech on the conservation and protection of our marine resources, and his introduction is worthy of mention. Mr. Way stated, and I quote:

• (1650)

[*English*]

The wholesome sea is at her gates, her gates both east and west.

The wholesomeness of the sea was taken for granted when J. A. Ritchie's words were inscribed in the stone above the main entrance to the centre block of our Parliament Buildings some fifty years ago, but is now a matter of some concern. Expressions of this concern from a wide variety of sources have resulted in widespread public awareness and sympathy for the problem but, perhaps inevitably, there is some backlash and a feeling in some quarters that the problems are overstated and overemphasized. I suggest that they are not. Although I may be preaching to the converted in this forum, I hope I will at least leave hon. members with a more detailed appreciation of the problems we face in protecting the marine environment and its resources, and the attitudes and actions of the Canadian government in meeting these problems.

With the exception of a very narrow strip adjacent to coastlines, the oceans have never belonged to anybody. Their use for various purposes has been free to all, and the concept of freedom of the seas is a very old one in international law. This freedom has traditionally included freedom for ship navigation and overflights, freedom to use the sea bed for cable laying, freedom to fish and freedom to conduct military operations. As the nations of the world look more and more to the sea as a source of minerals and of protein, as well as a convenient place to get rid of domestic and industrial wastes, it has become apparent that the old concept of freedom of the seas includes freedom to pollute and freedom to overfish and must be called into question.

[*Translation*]

Mr. Speaker, on account of that freedom to pollute our waters and to overfish on the continental shelf, as Mr. May so well pointed out in his statement, eastern Canada is faced with a serious problem: commercial overfishing by certain countries in the North Atlantic.

North Atlantic salmon catches have been decreasing alarmingly in the last few years. The number of catches, in commercial as well as in sport fishing, decreased by 45 per cent in 1971 compared to previous years.

The federal and provincial governments have been worried for many years about such a decrease and many people expressed their opinion about that.

Following years of studies of our coastal waters and of the eastern continental shelf, it was discovered that such a decrease was due to commercial overfishing in the North

Atlantic as well as to the introduction, during the sixties, of boats equipped with drifting nets in the waters near Port aux Basques, in Cabot strait.

The Gaspé salmon that could escape from Danish nets off the coast of Greenland was caught by Newfoundland fishermen. The Gaspé people are blaming the Newfoundland fishermen as much as Denmark for overfishing.

Danish and Newfoundland fishermen are draining this resource which reproduces more in Quebec because of its numerous salmon rivers, several of which are being developed at great cost by the province.

Mr. Speaker, during the few minutes remaining to me, I would not want to stray from the subject. It is worth mentioning that our coastal waters and continental shelf contain an important resource, marine life, which includes salmon.

Fisheries are undoubtedly one of the greatest resources in eastern Canada. There is one species of fish which travels thousands of miles off our coast. For those hon. members who do not know about the habits of the Atlantic salmon, I would like to say that its spawning grounds are to be found in the inland waters of the North Shore, Gaspé, Newfoundland and New Brunswick. When about three years old, salmon travel to the coast of Greenland and they return, at six or seven years, to spawn in the rivers where they were hatched. In the course of this four-year trip to the North Atlantic it used the Belle-Isle and Cabot straits to reach the international waters.

I avail myself of this opportunity to tell you that fifty years ago, salmon could be found in Great Britain, Europe and the Scandinavian countries. As these rivers are polluted as well as those in the northern United States, we now find clean waters only in the rivers of Quebec, New Brunswick and Newfoundland.

A hundred years ago, it was customary to find salmon at the mouth of the Hudson River, in New York, as well as in the St. Lawrence, Rideau and Ottawa Rivers. We could even find salmon near Toronto.

The International Commission for the Northwest Atlantic Fisheries which represents 14 countries, was requested to study this problem of overfishing. The Danes were fishing Canadian salmon without violating any international law. We had to convince them to put an end to the excessive fishing that they were carrying out since 1965.

The Canadian argument at the 1969 Conference was that "the country where salmon spawns should be the only one constantly responsible for its fate, no matter where that fish happens to be at a given time". Consequently, this argument was dismissed by Denmark and West Germany.

The review conducted by the Department of Fisheries on salmon born in Miramichi River shows that 44 per cent of the catches were made by the Danes, and 19 per cent by Newfoundlanders.

As the Danes up to now have been quite reluctant to accept quotas, and since the Quebec government has taken steps to apply the regulations that proved necessary to preserve the few fishes left and allow them to spawn in the rivers, on March 14 last, in the committee on fisheries and forestry, I asked the minister to apply rather strict regulations to the fishermen in the Gulf of St. Lawrence. More recently, the minister announced that restrictions were to be imposed on fishing south of Newfoundland as well as in the Cabot Strait.

Mr. Speaker, I could go on talking about our well-known salmon fishing industry but as it is five o'clock, I think it is time for me to conclude, even if I should return to that subject on another occasion.

[*English*]

The Acting Speaker (Mr. Boulanger): Order, please. The hour provided for the consideration of private members' business has now expired. It being five o'clock, this House stands adjourned until Monday next at 2 p.m.

At 5 p.m. the House adjourned, without question put, pursuant to Standing Order.

HOUSE OF COMMONS

Monday, May 15, 1972

The House met at 2 p.m.

PRIVILEGE

MR. LAMBERT (EDMONTON WEST)—INCORRECT NEWSPAPER REPORT OF REMARKS CONCERNING GUARANTEED INCOME SUPPLEMENT INCREASE AND WAR VETERANS ALLOWANCES

Hon. Marcel Lambert (Edmonton West): Mr. Speaker, on Thursday last during my remarks on the budget I made a distinct reference concerning the application of the guaranteed income supplement to war veterans receiving the war veterans allowance. I indicated at that time there was a strong possibility that most, if not all, recipients of the war veterans allowance who would receive the guaranteed income supplement would not receive the full benefit intended by the legislation. Unfortunately, on Friday a number of newspapers in the country carried a story under a Canadian Press byline which indicated I had expressed the view that the increase in the guaranteed income supplement would reduce war veterans pensions.

• (1410)

Mr. Speaker, there may be some confusion in the mind of the reporter as to what is a war veterans pension and what is a war veterans allowance, but there is clearly no difficulty in the minds of hon. members of the House. I said it was the war veterans allowance and I insist it is the war veterans allowance. I hope that the correction of this erroneous report will receive equal prominence.

ROUTINE PROCEEDINGS

ADMINISTRATION OF JUSTICE

STATEMENTS BY MEMBER FOR YORK SOUTH ALLEGEDLY REFLECTING ON JUDGES—REQUEST FOR UNANIMOUS CONSENT TO MOVE MOTION UNDER S.O. 43

Right Hon. J. G. Diefenbaker (Prince Albert): Mr. Speaker, I regret the absence of the hon. member for York South, but I can do no other than endeavour to place a motion before the House, which I do with a very heavy heart. As one who has been a member of four of the bars of Canada and an honorary bencher of two and who has had his share of lawsuits in the courts, I have never found it necessary to attribute the results to a politically partisan court. I admit that Judges are not above criticism and they must be subjected to the constant searchlight of public opinion. But to condemn the judiciary blanket-wise as men virtually without integrity cannot be justified. That is the reason for the motion I wish to move under Standing Order 43. Such criticism can only lead to national chaos and lawlessness, if not worse.

I will not say any more. I am being as restrained as it is possible to be under the circumstances. I ask the unanimous consent of the House to move a motion under Standing Order 43 concerning the blanket condemnation of the judiciary by the hon. member for York South on Saturday when, in a speech to the national conference of the United Steelworkers of America, he is reported to have said:

> Almost everyone with few exceptions . . . the moment a defeated Liberal or Conservative is appointed to the bench, he thinks he's God. That's the characteristic of a judge who sits on the bench.

That means that the judiciary, unable to protect itself, is not independent. If that were so, the rule of law would become a memory, and the very vitals of our national well-being would be destroyed. I therefore move, seconded by the hon. member for Peace River (Mr. Baldwin):

> That the subject matter of public statements made by the hon. member, and in particular those which are of a disparaging nature to the integrity and independence of the bench, be immediately referred to the Standing Committee on Justice and Legal Affairs.

Some hon. Members: Hear, hear!

Mr. Speaker: Order, please. The Chair has some doubts as to the procedural acceptability of a motion of this kind under Standing Order 43. I have the impression that the motion has implications of a charge against an hon. member, and that can hardly be made by means of a motion under Standing Order 43. I would think it would have to be made by way of a question of privilege making a specific charge against an hon. member which would then be debated in the House and, if found acceptable for referral to a committee, would be so referred.

At the same time, anything can be brought to the House for approval by way of unanimous consent. But before making a ruling on whether we have before us a motion under Standing Order 43 or a motion under Standing Order 17, I believe the hon. member for Winnipeg North Centre wishes to rise on the point.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, I simply wish to say that if this motion can be presented only on the basis of unanimous consent, we are prepared to give consent so far as this party is concerned.

Some hon. Members: Hear, hear!

Mr. Knowles (Winnipeg North Centre): However, Sir, that is merely consent to have the motion presented. I should like to make it clear that there are one or two of our members who would like to speak to it. If there is unanimous consent to the putting of the motion, perhaps the time when it is called for debate might be arranged by agreement among the parties.

Administration of Justice

Mr. Speaker: I still feel that the issue is so important that the Chair should be given the opportunity to consider whether it should be debated in the House by way of a question of privilege or by way of a censure motion under Standing Order 43. It is certainly a point which is of interest to all hon. members, and I am prepared to accept the guidance of hon. members in this respect. Now that the hon. member for Winnipeg North Centre has given his views, perhaps other hon. members would like to give their views on the point of order, not on the substance of the matter. I would certainly be guided by their views.

Mr. G. W. Baldwin (Peace River): Mr. Speaker, I would like to put it simply that this House, when operating under the rule of unanimous consent, is the master of its own destiny and can do anything. With great respect, Sir, I put it that way. If the House feels free to do so, it can make an order of this kind so there can be a debate, and we can incorporate into it all that needs to be done to cure any defects that there might be, although I am not admitting that there are any defects.

Mr. Diefenbaker: Mr. Speaker, it is not a question of a charge being raised. It is simply the fact that we, in parliament having legislative responsibilities as members of the House of Commons, must realize that members of the bench, while they are subject to criticism and must always be so, must not have levied against them the suggestion that what they do in most cases is to make decisions that are not above reproach and not according to law. Such a view denies the rule of law, and acceptance of that would be the end so far as government in this country is concerned.

Mr. Speaker: Order, please. These comments go beyond the strictly procedural aspect of the matter. I am wondering whether other hon. members have additional comments.

Hon. Allan J. MacEachen (President of the Privy Council): Mr. Speaker, so far as we are concerned we are quite agreeable to having this motion put by unanimous consent if necessary, and we are agreeable to spending some time today in debate on the motion, but I would be very reluctant to agree to an arrangement today which would deprive the House of continuing the debate on the budget and reaching a vote this evening. I would be quite agreeable, on behalf of the government, to any arrangement that would provide for putting this motion today with a limited time for debate, and if the motion is not dealt with by the end of that time period we would then move on to the budget.

Mr. Diefenbaker: The hon. member for York South should have the opportunity of being here.

Mr. MacEachen: The right hon. gentleman mentions that it would be somewhat indelicate to proceed—

Mr. Diefenbaker: Improper.

Mr. MacEachen: —with the debate in the absence of the hon. member involved. Probably that leads us to the conclusion that we can agree to the acceptance of the motion but have it debated at a later time by arrangement.

Mr. Baldwin: By discussions.

[Mr. Knowles (Winnipeg North Centre).]

Mr. MacEachen: We can have discussions among the House leaders.

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, may I support what the government House leader has just said. If the House is agreed unanimously that this motion should be put, then I think Your Honour is protected and you are in a position to put it, but I do feel that the time to debate it should be the subject of arrangements among the various House leaders. I agree that the hon. member for York South ought himself to be here. He will be here this evening, and he will be here tomorrow. We could arrange amongst ourselves when the debate would be held, but we seem to be showing unanimity on the presentation of the motion.

• (1420)

Mr. Speaker: Order, please. The Chair still has serious doubts as to this kind of motion. May I point out again that if hon. members want to do something unanimously they have the right to do so but, as hon. members know from experience, from time to time the Chair has refused to put a motion to the House because in his view the motion was not in proper form. The Chair has to make a determination as to whether this motion really is a motion of privilege which ought to be moved under Standing Order 17 rather than a motion under Standing Order 43. I think we could get ourselves into quite serious difficulty under the terms of Standing Order 43 if hon. members try to bring matters to the House and to initiate debates which are essentially debates that will invite hon. members to consider the conduct of individual members of the House. It is such a serious matter that I still have reservations.

On the other hand, I am faced with the situation that the government House leader, the House leader of the official opposition and the hon. member for Winnipeg North Centre, speaking apparently on behalf of every member of the House, feel that the matter should be proceeded with. I hesitate to stand in the way of all this unanimity and say that there should not be a debate. What I propose to do is to hold the matter in abeyance for an hour or two so that hon. members may consider when and how such a debate, if it is going to take place, ought to take place and then advise the Chair of the result of their deliberations and what the unanimous consent is of which they would like the Chair to apprise hon. members.

For the moment the Chair will hold the matter in abeyance on the understanding that there will be discussion between the representatives of the parties.

* * *

OIL

PROPOSED TAPS TANKER ROUTE—REQUEST FOR UNANIMOUS CONSENT TO MOVE MOTION UNDER S.O. 43

Mr. Frank Howard (Skeena): Mr. Speaker, because of the high degree of unanimity expressed by hon. members I too seek to move a motion under Standing Order 43 about an extremely important matter. This motion relates to the proposal to move oil by tanker down the coast of

British Columbia from Valdez Bay to Cherry Point and the danger for Canada and British Columbia in particular. Accordingly I should like to move, seconded by the hon. member for Comox-Alberni (Mr. Barnett):

That this House herewith declares that the movement of oil by tanker along the coast of British Columbia from Valdez in Alaska to Cherry Point in Washington is inimical to Canadian interests, especially those of an environmental nature,

And further, that this resolution be forthwith transmitted to the government of the United States of America in order that that government be apprised of the concern that the House of Commons of Canada has about the proposed movement of oil.

If I receive unanimous consent, in order not to transgress upon the budget debate or any other matters we are quite prepared to let the motion come to a vote without debate.

Mr. Speaker: Hon. members have heard this motion which requires unanimous consent. Is there unanimity?

Some hon. Members: Agreed.

An hon. Member: No.

Mr. Speaker: I am not sure whether there is unanimity. Perhaps I will inquire again whether there is unanimity. If hon. members are opposed they should make it clear by their nays. Is there unanimous consent?

Some hon. Members: Agreed.

Mr. MacEachen: Mr. Speaker, on a point of order, may I ask you to read the motion again so that the House will be fully aware of its import?

Mr. Speaker: The Chair will read the motion, not for the purpose of putting it formally to the House but for the purpose of advising hon. members of its terms:

That this House herewith declares that the movement of oil by tanker along the coast of British Columbia from Valdez in Alaska to Cherry Point in Washington is inimical to Canadian interests especially those of an environmental nature,

And further, that this resolution be forthwith transmitted to the government of the United States of America in order that that government be apprised of the concern that the House of Commons of Canada has about the proposed movement of oil.

I will inquire again whether there is unanimous consent.

Some hon. Members: Agreed.

Mr. Speaker: I have heard no nays; therefore I assume there is unanimous consent.

Some hon. Members: Hear, hear!

Mr. Speaker: We will assume that the motion has been put. Is it the pleasure of the House to adopt the said motion?

Some hon. Members: Agreed.

Motion agreed to.

FAMILY INCOME SECURITY PLAN

PRIORITY FOR BILL—REQUEST FOR UNANIMOUS CONSENT TO MOVE MOTION UNDER S.O. 43

Mr. Jack Marshall (Humber-St. George's-St. Barbe): Mr. Speaker, I hope I am not pressing my luck. I wish to propose a motion under Standing Order 43 on a question of urgent and pressing necessity. Bearing in mind the dispatch which the House displayed in the consideration of Bill C-207 concerning old age security and in view of the concern of Canadians about the delay in progress on Bill C-170, an act to increase children's allowances which was referred to committee on April 27, I would move, seconded by the hon. member for Lambton-Kent (Mr. McCutcheon):

That this House urges the government to give highest priority in its management of government business with respect to Bill C-170 and that consideration of clause by clause study be proceeded with immediately by the Standing Committee on Health, Welfare and Social Affairs.

Mr. Speaker: Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

Mr. Bell: What?

Mr. Speaker: There is not unanimity and the motion cannot be put.

* * *

POST OFFICE

CONTRACT NEGOTIATIONS WITH UNIONS—REQUEST FOR UNANIMOUS CONSENT TO MOVE MOTION UNDER S.O. 43

Hon. W. G. Dinsdale (Brandon-Souris): Mr. Speaker, I should like to move a motion under Standing Order 43 arising out of the rejection of the Treasury Board offer on wages and job security by the Council of Postal Unions last week, particularly with reference to the introduction of the principle of regional pay differences. I would therefore move, seconded by the hon. member for Hillsborough (Mr. Macquarrie):

That at the next sitting of the House the President of the Treasury Board make a statement on motions indicating what steps the government intends to take to get the negotiations back on course.

Mr. Speaker: Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

Mr. Speaker: There is not unanimity and the motion cannot be put.

Questions

RESIDENTIAL MORTGAGE FINANCING BILL

CREATION OF CORPORATE BODY TO BUY AND SELL RESIDENTIAL MORTGAGES

Hon. Ron Basford (Minister of State for Urban Affairs) moved for leave to introduce Bill C-209, to provide additional financing mechanisms and institutions for the residential mortgage market in Canada.

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

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

CLAIMANT ASSISTANCE PROGRAM

Question No. 13—**Mr. Marshall:**

Under the Claimant Assistance Program, what are the qualifications required by the skilled, trained interviewers who work with the unemployed?

[*Translation*]

Hon. Gérard Pelletier (Secretary of State): I am informed by the Public Service Commission as follows: University graduation or equivalent (secondary education and number of years of related experience); knowledge of Unemployment Insurance Act and an appreciation of the Claimant Assistance Program and social legislation; ability to interview and guide and assist claimants to resolve their unemployment problems; good communications skills, both orally and in writing; ability to analyse and evaluate a variety of problems relating to the applicability of legislation. The language requirements for each position depend on its location and the service which is to be provided to the public by the incumbent. Accordingly, appointees may be required to be qualified in the knowledge and use of the English language or the French language or both.

[*English*]

NUMBER OF RETIRED PUBLIC SERVANTS IN RECEIPT OF PENSIONS

Question No. 28—**Mr. Knowles (Winnipeg North Centre):**

1. How many retired federal public servants are receiving pensions, including their basic pensions and any supplement or supplements added thereto, of amounts within each of the following brackets (a) less than $20 per month (b) $20 to $29.99 per month (c) $30 to $39.99 per month (d) $40 to $49.99 per month (e) $50 to $59.99 per month (f) $60 to $69.99 per month (g) $70 to $79.99 per month (h) $80 to $89.99 per month (i) $90 to $99.99 per month (j) $100 to $149.99 per month (k) $150 to $199.99 per month (l) $200 to $249.99 per month (m) $250 to $299.99 per month (n) $300 per month and over?

2. How many widows of public servants or of retired public servants are receiving pension, including their basic pensions and any supplement or supplements added thereto, of amounts within each of the brackets indicated in the above question?

3. What is the number of retired public servants and also the number of widows of public servants or of retired public servants presently residing in each province?

4. In respect of how many orphans of federal public servants are pensions being paid and what is the average amount thereof?

Hon. C. M. Drury (President of the Treasury Board): 1 and 2.

Monthly Dollar Brackets $	Retired Public Servants	Widows
Less than 20.00	225	836
20- 29.99	530	1,699
30- 39.99	1,342	1,785
40- 49.99	1,717	1,729
50- 59.99	1,807	1,587
60- 69.99	1,868	1,405
70- 79.99	1,883	1,312
80- 89.99	1,855	1,192
90- 99.99	1,778	1,121
100-149.99	7,548	4,248
150-199.99	5,613	1,839
200-249.99	4,542	675
250-299.99	3,637	310
300 and over	8,328	341
Totals	42,673	20,079

3.

Province	Number of Retired Public Servants	Widows
Newfoundland	553	213
Prince Edward Island	264	131
Nova Scotia	2,258	1,102
New Brunswick	1,281	644
Quebec	7,168	3,909
Ontario	18,131	8,608
Manitoba	1,913	904
Saskatchewan	1,260	532
Alberta	2,404	1,020
British Columbia	6,672	2,594
Northwest Territories	32	9
Yukon	63	10
Outside Canada	674	403
Totals	42,673	20,079

4. A total of $21,639 was paid out to 78 orphans of federal public servants in 1970-71, to give an average payment of $277.41.

INFORMATION CANADA—OPERATING COSTS

Question No. 95—**Mr. Marshall:**

What were the operating costs of Information Canada as of January 31, 1972?

Hon. Martin P. O'Connell (Minister of Labour): For the period April 1, 1971 to January 31, 1972, the operating costs of Information Canada were $5,719,488.82.

POST OFFICE DEPARTMENT—COST FOR DELIVERY OF U.S. MAIL IN CANADA

Question No. 172—**Mr. Rose:**

1. What is the cost to the Canadian Post Office Department of letters mailed in the United States for delivery in Canada?

[Mr. Speaker.]

2. Is it normal practice for Canadian editions of U.S. magazines to be mailed from the United States to Canadian subscribers?

3. What is the estimated loss of revenue from billings, promotions and reminders sent by *Time* magazine to Canadian subscribers of their Canadian edition, post marked U.S. postage, Chicago, Illinois?

4. What other Canadian editions of foreign magazines mail their publication billings, promotion, etc. in the United States for delivery in Canada?

5. Has the Post Office Department made any proposals to *Time* magazine to secure this revenue and, if so, what has been the reaction?

Hon. Jean-Pierre Côté (Postmaster General): 1. Information not available. However, statistical samplings will be held in 1973 under the auspices of the Universal Postal Union to determine the imbalance of mail exchanged between countries and when there is an adverse imbalance of traffic, the country of destination will be compensated. This will apply to mails exchanged between the U.S. and Canada.

2. No, to our knowledge it is not normal practice for Canadian editions of U.S. magazines to be mailed from the United States to Canadian subscribers.

3. Information not available.

4. None to our knowledge.

5. Yes, the reaction has been favourable and an early decision on this question is expected.

NON-MEDICAL DRUG USE PROGRAM

Question No. 210—**Mr. Dinsdale:**

1. Has the government sponsored a network of "Non-Medical Drug Use" offices and, if so (a) how many have been opened (b) where are they located?

2. How are these offices funded and in what amounts?

3. How are they staffed and is the Public Service Commission involved in the selection of personnel?

Hon. John C. Munro (Minister of National Health and Welfare): 1. The headquarters office of the Non-Medical Use of Drugs Directorate is located in Ottawa. In addition, there are five regional offices located in Halifax, Montreal, Toronto, Winnipeg and Vancouver.

2. The offices are presently funded from funds voted for the Non-Medical Use of Drugs program.

3. A clerk-secretary is located in each regional office. These employees were selected according to Public Service procedures, and are appointed on a one-year term. With the exception of one officer in the Montreal office, all project officers located within the regional offices have been employed on short-term contracts. This method of employment has been used to respond immediately to urgent demands and to suit the nature of present program demands on these offices.

ABORTIONS

Question No. 311—**Mr. Robinson:**

1. Has the government calculated the number of extra hospital beds that will be required if the abortion laws are liberalized and, if so, how many extra beds will be required and who will pay for them?

Questions

2. Has the government any information to indicate that extra beds for abortion cases will be supplied at the expense of seriously ill people requiring hospitalization and, if so, how many will be unable to obtain accommodation?

Hon. John C. Munro (Minister of National Health and Welfare): 1. According to practice policy, if the pregnancy is within the first 12 weeks, the abortion is carried out, most likely on an out-patient basis. This would not increase the need for additional hospital in-patient beds. In those cases, however, where the pregnancy is between 12 and 20 weeks, there would be a small but definite increased demand for in-patient service. These patients represent a small but important group when the indications for abortion, e.g., congenital anomalies in the fetus, become manifest later in the pregnancy. Payment for these patients would be made through existent hospital insurance and medical care plans as practiced in the provinces on a shared federal-provincial basis.

2. A therapeutic abortion is an elective procedure which should be performed within certain time limits. In consideration of this fact, hospital admission policies in respect to abortion are structured to either establish a quota of in-patient bed occupancy for these cases or reserve special beds only for this purpose, referring further admission requests for abortion to other hospitals in the community. The administration of the hospital is responsible for admission policies and is consciously aware of the need to retain a number of beds for the unpredictable requirements for admission of seriously ill patients. It is not anticipated that any seriously ill patients would be turned away from any hospital, particularly because of a prior commitment of such hospital to admitting a patient for therapeutic abortion. Provision has been made through planning, to anticipate these eventualities.

PROGRAM OF DISSEMINATION OF INFORMATION TO INDUSTRY AND BUSINESS

Question No. 408—**Mr. Robinson:**

Will the government through Information Canada carry on a program of dissemination of information to industry and business?

Hon. Martin P. O'Connell (Minister of Labour): Information Canada has no plans at the present time to carry on a program of dissemination of information specifically to industry and business.

*CANADA MANPOWER TRAINING PROGRAM—TRAINING AND ALLOWANCE COSTS

Question No. 417—**Mr. Rynard:**

Were there variations in (a) training costs (b) allowance costs (c) total costs under the Canada Manpower Training Program between the Provinces of Ontario and Quebec during the period April 1971 to January 1972 and, if so, for what reasons?

Mr. Ray Perrault (Parliamentary Secretary to Minister of Manpower and Immigration): Mr. Speaker, may I propose to the hon. member who asked this question that the reply be taken as read, because it is rather long. I further propose that it be incorporated in *Hansard* for today.

Mr. Speaker: Is this agreed?

Some hon. Members: Agreed.

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

The following material in response to this question is provided for the full fiscal year from April 1, 1971 to March 31, 1972, as this enables more accurate financial figures to be given.

(a) The following are actual allowance payments and costs for the purchase of training based on provincial estimates of cost, and excluding amounts paid to employers under the Training-in-Industry Program:

	Ontario	Quebec
Training costs	$41,990,000	$42,652,000
Allowance costs	44,788,000	55,267,000
Total costs	86,778,000	$97,919,000

(b) The number of persons who were referred to training during 1971/72 was:

	Ontario	Quebec
Full time trainees	56,009	75,349
Part time trainees	1,111	34,298
Total trainees	57,120	109,647

(c) The variation in per diem training costs for the major program elements were the following, based on interim payments to the provinces:

	Ontario	Quebec
Basic Training for Skill Development	7.00	4.65
Language	7.00	7.88
Skill	9.00	8.56

The above figures may change when audits are made as final payments to the provinces are based on actual incurred costs.

(d) Variations in per diem training costs are due to a variety of factors including teachers' salaries, cost of facilities, class size etc.

(e) The variation in allowance costs per day of training provided is the following:

Ontario	Quebec
$9.53	$9.73

(f) Variations in allowance costs per day of training are due to differences in rates, the mix of trainees receiving allowances in different dependency categories, the percentage of trainees receiving allowances and other factors. The maximum and minimum rates at which allowances are payable are established in the AOT Act; The actual rates payable in any province are the subject of an annual consultation with the province concerned.

RED ENSIGNS

Question No. 446—**Mr. Diefenbaker:**

1. How many Red Ensigns were in the possession of the Department of Public Works on the date the present flag came into existence?

[Mr. Perrault.]

2. How many since have been disposed of to organizations or private individuals?

3. How many are still on hand?

Hon. Jean-Eudes Dubé (Minister of Public Works): Mr. Speaker, the reply is in three parts. First, on February 15, 1965, the date that the Parliament of Canada proclaimed the Canadian flag for use in Canada and abroad as the distinctive symbol of this country, there existed in the Department of Public Works stock a supply of 11,616 Red Ensigns, most of which were in used and damaged condition. There were in addition a supply of some 8,000 in the stock of the former Department of Defence Production.

In anticipation of requests for the Red Ensign by organizations and individuals wishing to use them for indoor display as historic mementoes, a directive was issued to preserve a reasonable number for this purpose. Used flags were destroyed by fire in 1967 in the accepted and traditional manner. After an appropriate interval to determine the demand for Red Ensigns for mementoes a number were declared surplus and destroyed in the same manner in December 1971 and early January 1972.

2. The remaining stock has been reduced by responding to requests from deserving organizations and individuals. In the period of approximately seven years, some 1,860 flags have been distributed.

3. At the present time, requests average about 20 per year and 749 unused Red Ensigns remain in stock and will continue to be used for this purpose. At the present rate of demand, this stock will not be depleted for a good number of years.

SITUATION IN NORTHERN IRELAND

Question No. 469—**Mr. Robinson:**

Has Canada been asked by Northern Ireland, the Irish Republic and/or the IRA to mediate in any way the situation in Northern Ireland?

Hon. Mitchell Sharp (Secretary of State for External Affairs): The situation in Northern Ireland is an internal responsibility of the British Government and the Canadian Government has not been asked to mediate. However, during the visit to Ottawa of the Foreign Minister of Ireland in February, we agreed to pass on to the British Government some of his observations on the situation as we had passed on to him comments made to us by the British Government.

IRISH REPUBLICAN ARMY

Question No. 470—**Mr. Robinson:**

Has the government requested the Irish Republic to exert some control and responsibility over the IRA?

Hon. Mitchell Sharp (Secretary of State for External Affairs): The Canadian Government has not requested the Government of the Republic of Ireland to exercise control and responsibility over the IRA. This is an internal affair of the Irish Government.

DEPARTMENT OF URBAN AFFAIRS—TASK FORCES

Question No. 474—**Mr. McCleave:**

What task forces have been commissioned by the Department of Urban Affairs since its establishment, what was the purpose of each and how much has each cost?

Hon. Ron Basford (Minister of State for Urban Affairs): No task force has been commissioned by the Ministry of State for Urban Affairs since its establishment on June 30, 1971.

CONSTITUENCY OF PORTNEUF—NUMBER OF UNEMPLOYED PERSONS REGISTERED WITH CANADA MANPOWER CENTRE

Question No. 500—**Mr. Godin:**

How many unemployed persons residing in the constituency of Portneuf are registered with the Canada Manpower Centre in Quebec City?

[*Translation*]

Hon. Bryce Mackasey (Minister of Manpower and Immigration): Data on Canada Manpower Centre clients, by area of residence, are not reported by the CMCs. Therefore, it is not possible to provide statistics on the number of unemployed Portneuf constituents who are registered with the Quebec City CMC. The electoral districts of Quebec, Montmorency, and the greater part of Portneuf are within the boundaries of the Quebec City CMC.

[*English*]

STATUS OF HOLDERS OF PASSPORTS ISSUED BY REGIMES NOT RECOGNIZED BY CANADA

Question No. 515—**Mr. MacLean:**

Are visitors, in some cases, refused entry to Canada simply because they are travelling on passports issued by certain countries and, if so, what are the countries whose citizens are not allowed entry to Canada?

Hon. Bryce Mackasey (Minister of Manpower and Immigration): A passport issued by a regime not recognized by the Government of Canada is not considered as a valid passport for purposes of the Immigration Act. Because of this, a person who seeks entry as a visitor and presents only such a passport is refused. Examples of such passports are those issued by the regimes of East Germany, North Korea, North Viet Nam and Taiwan. If, however, such a person is in possession of some other form of travel document which is acceptable to the Canadian Government he is allowed entry. In addition, citizens of Southern Rhodesia are prohibited from entering Canada, except on humanitarian grounds. Details of this can be found in the reply to question No. 419 given by the Secretary of State for External Affairs on January 11, 1971, as recorded on page 2255 of *Hansard*.

EMPLOYMENT SUPPORT ACT—FINANCIAL ASSISTANCE FOR AGRICULTURAL COMMODITIES

Question No. 524—**Mr. Mazankowski:**

Under the provisions of the Employment Support Act (a) what agricultural commodities received financial assistance (b) what was the amount in lieu of each commodity (c) how were the funds distributed?

Mr. Marcel Lessard (Parliamentary Secretary to Minister of Agriculture): Commodity assistance given pursuant to the Agricultural Stabilization Act and Agricultural Products Board Act but in recognition of the objectives of the Employment Support Act.

(a)	(b)	(c)
Commodity	Amount to Date	Method of Distributing Funds
Turkeys	$1,354,105	Purchase and Processing by tender for World Food Program
Potatoes	974,391	Purchase from producers
Apples (Fresh)	Nil to date	Promotion through Canadian Horticultural Council
Blueberries	216,284	Payments to producers
Carrots	122,909	Payments to distributors for benefit of producers
Rutabagas	69,548	Payments to distributors for benefit of producers
*Hogs	$10,762,460	Payments to producers

*A mandatory commodity under the Agricultural Stabilization Act.

• (1430)

Mr. McIntosh: Mr. Speaker, I rise on a point of order. I should like to ask why question No. 305 has not been answered. It has been on the order paper for over two months and should only require a week to answer.

Mr. Cullen: Mr. Speaker, I will look into that question.

Mr. Korchinski: Mr. Speaker, I had hoped to avoid raising a point of order, but I personally asked the minister to look into questions Nos. 255 and 278. Question No. 255 is of such a nature that each day the answer is delayed means that further information is necessary, thus making it more complicated for the government. With regard to question No. 278, I believe there is great injustice in the application of a rule. The answer will reveal whether this is correct. I require the information and I must proceed according to the means available to hon. members if I am to be able to act on the matter.

Mr. Cullen: Mr. Speaker, I have taken notice of the two questions and will look into them.

Mr. Harding: Mr. Speaker, may I inquire when questions Nos. 158, 159 and 160 will be answered? They were placed on the order paper on February 22. Prior to that, they were on the order paper last October, seven or eight months ago. Surely an answer is available from the government benches by this time.

Mr. Cullen: Mr. Speaker, the hon. member makes a good argument. I will look into those questions also.

Proposed Duty on Tires

MOTION TO ADJOURN UNDER S.O. 26

INDUSTRY

MICHELIN TIRE COMPANY—PROPOSED IMPOSITION BY UNITED STATES OF COUNTERVAILING DUTY AGAINST CERTAIN TIRES

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, I ask leave, seconded by the hon. member for Brant (Mr. Blackburn), to move the adjournment of the House under Standing Order 26 for the purpose of discussing a specific and important matter requiring urgent consideration, namely, the stated intention of the United States government to seek countervailing duties against tires exported by Michelin Tire Company of Nova Scotia, and the serious effects that such action would have on the tire industry in Canada and, as the Minister of Finance (Mr. Turner) admitted on the weekend, on the entire regional development incentives program.

Mr. Speaker: The hon. member for Oshawa-Whitby has provided the Chair with the notice required under Standing Order 26. In fact, he was good enough to do so on Friday afternoon and this has given the Chair an opportunity to consider over the weekend his desire to have the House engage in a debate on this matter under the Standing Order. If I may say so, I am grateful to the hon. member for the terms in which he proposes his motion. The statement of the case is consistent with the formal requirements of the Standing Order; it states the case precisely, without argument, as required by the Standing Order.

Evidently the matter raised by the hon. member is one of importance and of interest to all hon. members. It has in recent days been the subject of a number of questions in the House and is not lightly to be set aside. The Chair, as hon. members know, must take into account the tests provided by the Standing Order and relate them to the situation in which the House finds itself at this time. Under section 5 of Standing Order 26 there is a clear responsibility cast on the Chair in coming to a determination that the Speaker, and here I quote the Standing Order, "shall have regard to the probability of the matter being brought before the House within reasonable time by other means."

Today is May 15. The current supply period will terminate on June 30. There is a total of 33 sitting days, including both these dates, remaining in the period. When one combines the number of days available on the budget debate and also allotted days remaining in the supply period, it will be seen that some 17 days, or more than half of the remaining sitting days in the current supply period, are available to members for the consideration of grievances or urgent problems other than legislative proposals. There is thus a considerable amount of time available during which the important matter proposed for discussion by the hon. member for Oshawa-Whitby can be brought before the House "within reasonable time by other means", as specified in the Standing Order. Indeed, this very day is an allotted budget day during which the matter alluded to by the hon. member can be considered by hon. members who will be taking part in the debate.

[Mr. Cullen.]

I would find it extremely difficult to justify setting aside part of a budget day for the purpose of discussing an urgent matter under the terms of Standing Order 26.

ORAL QUESTION PERIOD

EXTERNAL AFFAIRS

VIET NAM WAR—BRITISH PROPOSAL TO RUSSIA RESPECTING SPONSORSHIP OF CONFERENCE—CANADIAN POSITION

Hon. Robert L. Stanfield (Leader of the Opposition): Mr. Speaker, I have a question for the Secretary of State for External Affairs. Does the government of Canada support the initiative taken by the government of the United Kingdom in approaching the U.S.S.R. to join forces in sponsoring a conference on Viet Nam similar to the conference which these two governments sponsored in 1954, I believe, at Geneva?

Hon. Mitchell Sharp (Secretary of State for External Affairs): Mr. Speaker, we certainly support an initiative of this kind, but this is really a matter between the two chairmen of the Geneva Conference. We would be very pleased if the British government were successful in persuading the Soviet Union to agree to reassemble this committee. However, I have my doubts whether the British government will be successful.

Mr. Stanfield: Has the Secretary of State for External Affairs indicated to the British government and the government of the U.S.S.R. the approval of the government of Canada with regard to such a conference? If he has not done so, does he propose to urge the two governments to jointly sponsor such a conference?

Mr. Sharp: Mr. Speaker, I think my statement today indicates the position of the Canadian government. We hope the British government is successful, but I do not think that anything more than that kind of statement would be very useful. If the Soviet government is not prepared to reassemble the conference, they certainly will not be persuaded by my support.

Mr. Stanfield: I did not realize the Secretary of State for External Affairs was so modest. From time to time the minister has referred to the possibility that he might be making a statement with regard to the Viet Nam problem. Is it the intention of the minister to make such a statement?

Mr. Sharp: No, Mr. Speaker, I have no present indication.

INDUSTRY

MICHELIN TIRE COMPANY—PROPOSED IMPOSITION BY UNITED STATES OF COUNTERVAILING DUTY—POSSIBILITY OF ACTION AFFECTING OTHER COMPANIES ASSISTED BY DEVELOPMENT GRANTS

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, my question is for the Minister of Finance. In view of the American government's intention to impose countervailing duties against Michelin tires exported from Nova Scotia to the United States and in view of the minister's assertion on the weekend in Halifax that this could "be very serious" for the federal government's whole regional incentive program. can the minister inform the House whether he has precisely determined the American policy in this area and, more particularly, do the Americans intend to take similar action against other firms receiving DREE grants?

Hon. John N. Turner (Minister of Finance): Mr. Speaker, the United States treasury has received a complaint to the effect that exports of Michelin X-radial steel-belted tires from Canada to the United States benefit from a bounty or grant. We are advised that, under American law, once the treasury receives a properly documented complaint they have no alternative but to start an investigation. This does not necessarily mean that a positive finding will be reached or that countervailing duties will be applied. It depends in part on the results of the investigation. As far as we know, the United States is not contemplating countervailing against products of other firms which receive grants under DREE.

• (1440)

Mr. Broadbent: Have our representatives in Washington determined the source of this initiative? Was the complaint made by an individual United States firm, or is this a reflection of United States policy? I ask this question bearing in mind the fact that discussions on trade with the United States are still continuing. Reference has been made to their objections to our DREE programs. This involves an important matter of policy. Could the minister tell us whether, for example, the Michelin situation is a reflection of the desire of the United States government, or of a particular person who raised the objection initially?

Mr. Turner (Ottawa-Carleton): The notice of receipt of the complaint is couched in somewhat general terms, but the complaint would seem to be based upon the suggestion that the assistance the company has received both from the province of Nova Scotia and from the federal government under the DREE program might constitute, in terms of the United States law to which I have referred, a bounty or grant in support of exports. We do not yet know who made the complaint.

Mr. Broadbent: Can the minister tell us whether his department or some other department has considered the effects of this development upon the tire industry in Ontario which is already operating below capacity? The industry currently employs about 11,000 workers. Has the government considered the effects that successful action by the United States government in curtailing exports to the United States would have if those tires are dumped on the Canadian market?

Mr. Turner (Ottawa-Carleton): I do not quite follow that logic. The complaint is based, as we read it, on the fact that the Michelin Tire Company of Nova Scotia received a bounty or grant from the province or from the federal government under the DREE program. This would not necessarily apply to Ontario plants.

Mr. Broadbent: I will try to simplify the matter for the minister. If the United States action is successful it will mean that Michelin can no longer export tires to the United States as intended. The company is going into the production of these tires in the near future and is therefore bound to sell them somewhere. Presumably this would be on the Canadian market. Is the government considering the effect this would have on the industry, particularly in the province of Ontario where tire plants are already operating below capacity?

Mr. Turner (Ottawa-Carleton): There are too many hypotheses in that question for me to bear down on it.

Mr. R. Gordon L. Fairweather (Fundy-Royal): There is no hypothesis in this question, Mr. Speaker, though there is some doubt about the order in which the minister may want to do the things which he is asked to do. Is there any insurmountable barrier to the minister having, I think he said, a good meal with his feet up and a long chat with the United States Secretary of the Treasury? Is there a problem, or could this be arranged?

Mr. Turner (Ottawa-Carleton): I do not see any problem, Mr. Speaker.

* * *

[*Translation*]

PENSIONS

OLD AGE SECURITY—QUEBEC REPRESENTATIONS RESPECTING AMENDMENT OF ACT

Mr. Gilbert Rondeau (Shefford): Mr. Speaker, I should like to put a question to the right hon. Prime Minister.

Has the Canadian government received official representations from the Quebec government expressing its displeasure with the new federal budget or the new old age security Act?

Right Hon. P. E. Trudeau (Prime Minister): No, Mr. Speaker, not to my knowledge.

* * *

[*English*]

SOCIAL SECURITY

FAMILY INCOME SECURITY PLAN—SUGGESTED EARLY CONSIDERATION OF BILL BY COMMITTEE

Mr. Jack Marshall (Humber-St. George's-St. Barbe): Mr. Speaker, my question was intended for the chairman of the Standing Committee on Health, Welfare and Social Affairs but I will direct it to the Minister of National

Health and Welfare. Can the minister advise the House whether he has encouraged the Standing Committee on Health, Welfare and Social Affairs to consider Bill C-170, which was referred to it on April 27, because of the concern of people about the delay?

Hon. John C. Munro (Minister of National Health and Welfare): My information is that the committee was charged with completing other work last week and, hopefully, that as soon as the old age security legislation has been dealt with the bill to which the hon. member has referred will be considered.

INQUIRY AS TO CORRESPONDENCE OR DISCUSSIONS WITH QUEBEC CONCERNING RECENT BILLS

Mr. G. W. Baldwin (Peace River): In case this was not covered by an earlier question I should like to ask the minister whether there has been any correspondence or discussions between the government of Canada and the government of Quebec with regard to recent bills dealing with social security matters introduced into the House?

Hon. John C. Munro (Minister of National Health and Welfare): Not that I am aware of, Mr. Speaker.

* * *

GRAIN

WHEAT—POSITION RESPECTING DELIVERIES TO CHINA

Mr. Jack Murta (Lisgar): Mr. Speaker, I should like to direct a question to the minister responsible for the Canadian Wheat Board. Is it a fact that as at the end of April the Wheat Board was some seven million bushels behind in deliveries under the wheat contract with China?

Hon. Otto E. Lang (Minister of Justice): Mr. Speaker, I would have to check before I could give the hon. member details of the precise status of the contract with China. The Wheat Board is certainly up to date in terms of the shipments which the Chinese understand are to be made. Indeed, there is some discussion about the possibility of moving ahead of the schedule rather than falling behind.

Some hon. Members: Hear, hear!

Mr. Murta: Would the minister look into whether during the months of February and April the Wheat Board in fact issued orders that ships for hauling wheat to China should stay out of the port of Vancouver?

PLANS FOR PROVISION OF ADDITIONAL STORAGE SPACE AT VANCOUVER—IMPROVEMENT OF RAIL TRANSPORT

Mr. A. P. Gleave (Saskatoon-Biggar): Bearing in mind the statement by the minister in Vancouver that more storage space is needed in that port to handle the volume of grain required, can the hon. gentleman tell us whether plans are under way whereby the additional necessary storage will be built by the government, or whether negotiations are in progress with the grain companies for the construction of these facilities?

[Mr. Marshall.]

An hon. Member: Preferably at Prince Rupert.

Hon. Otto E. Lang (Minister of Justice): I am holding discussions with a number of grain companies. I have said on other occasions in the House that it is my view and the view of the government that it would be most desirable for the additional necessary storage capacity to be put in place by existing elevator companies, and I am confident they will do just that.

Some hon. Members: Hear, hear!

Mr. Gleave: May I ask whether discussions are also under way with the two major railway companies aimed at providing protection against snow slides, mud slides and similar hazards to transportation with the object of ensuring year-round movement of grain from the Prairies to Vancouver?

Mr. Lang: The railroads have certainly had the advantage of learning, in the very difficult winter we have just experienced, how to improve their ability to deal with such obstacles. However, no one should be misled into thinking we can do anything about severe snow and mud and the difficult conditions which can occur generally in the Rockies in winter, short of levelling those small hills.

Mr. Speaker: Order, please. There are a number of hon. members seeking to ask supplementaries on this important subject. Hon. members should attempt to limit the number of their supplementaries; if we have two or three from every member this is bound to prevent other members asking their questions. For the moment the Chair will recognize the hon. member for Saskatoon-Biggar.

Mr. Gleave: I should like to ask the minister whether he wishes to leave the impression that in an age in which we can put men on the moon, we cannot get—

Mr. Speaker: Order, please. The hon. member leaves the impression with me that he is out of order.

Mr. S. J. Korchinski (Mackenzie): The minister has said that in his opinion additional grain handling facilities are necessary at Vancouver. Was the minister able to gather new information in Vancouver during his trip or was this information readily available? Does his view imply that the railways are able to handle the situation as far as transportation is concerned?

• (1450)

Mr. Lang: My recent trip was intended to give me an opportunity to look at the rail facilities rather than the terminal facilities. I have made it clear in previous statements that I believe additional storage facilities are required on the west coast. This conclusion follows the fact that our sales to countries to the west have increased very significantly and that there is tremendous additional marketing potential there. We therefore regard the new records we are setting each year as a new basis upon which to build. No one should have any doubt about the fact that we need more capacity there, and should therefore get into a position to put it into place.

EXTERNAL AFFAIRS

BANGLADESH—SUGGESTED APPOINTMENT OF HIGH COMMISSIONER

Mr. Andrew Brewin (Greenwood): Mr. Speaker, I have a question for the Secretary of State for External Affairs. In light of the fact that Bangladesh has a population of 70 million people and has become the second largest nation in the Commonwealth, and in light of the fact that proposed Canadian development aid and other support for Bangladesh is second, I believe, for all nations receiving aid from Canada, will the government ensure that a high commissioner is appointed with adequate staff to handle this important post rather than having the situation which now prevails whereby, as I understand it, our representative in Bangkok has to look after this on a part time basis?

Hon. Mitchell Sharp (Secretary of State for External Affairs): Mr. Speaker, I should like to thank the hon. gentleman for supporting my department in what is a perpetual argument with the Treasury Board. Perhaps I might repeat to him what I said to the high commissioner for Bangladesh when he called on me. I said I was sure he would prefer more aid for Bangladesh than a high commissioner there.

Mr. Brewin: What is the good of having a high level of aid if you do not have adequate officers there to administer it?

Mr. Sharp: Mr. Speaker, may I answer this directly. We do have an aid office there but we do not have a resident high commissioner.

* * *

PENSIONS

OLD AGE SECURITY—CORRESPONDENCE RESPECTING INCREASE

Hon. George Hees (Prince Edward-Hastings): Mr. Speaker, I have a question for the Minister of Finance. Has he received considerable correspondence during the last week from old age pensioners addressed to "Ten cent Turner" strongly protesting that the ten cents a day increase in pensions is completely inadequate to meet the increased costs faced by old age pensioners today?

Mr. Speaker: Order, please. Certainly that question is not in order and cannot be asked. Obviously the minister is anxious to reply to it, but it should not be accepted as it is clearly out of order.

Mr. Turner (Ottawa-Carleton): Mr. Speaker, I rise on a question of privilege. I want to assure the hon. member that I have received a lot of communications thanking me for the more than one-third of a billion dollars for old age pensioners.

Some hon. Members: Hear, hear!

Mr. Hees: Does the minister not realize—

Mr. Speaker: Order, please. The hon. member seeks the floor to ask a supplementary question. Certainly he

cannot ask a supplementary to a question that is clearly out of order. I might say that in the same way the minister's question of privilege was also out of order or procedurally incorrect. This having been said, the hon. member may have a legitimate and procedurally correct question to ask at this point.

Mr. Hees: Mr. Speaker, does the minister not realize that this increase is less than half the increase given by "Six-buck Harris" in 1957, and we all know what happened to that minister and that government at that time?

Some hon. Members: Oh, oh!

Mr. Speaker: Order, please.

* * *

CITIZENSHIP

REQUEST FOR EXTENSION TO IMMIGRANTS BETWEEN 18 AND 21 WITH MORE THAN FIVE YEARS' RESIDENCE SO THEY MAY VOTE

Mr. S. Perry Ryan (Spadina): Mr. Speaker, my question is directed to the Secretary of State. Before the next election is the government going to give the right to apply for citizenship to those between 18 and 21 years of age in order that hundreds of immigrants in that age group who have been in the country more than five years may vote, as requested by the Federation of Italian-Canadian Associations and Clubs?

[*Translation*]

Hon. Gérard Pelletier (Secretary of State): Mr. Speaker, the government is aware of the problem and a new Canadian Citizenship Act is being drawn up.

[*English*]

Mr. Ryan: As this anomaly in the act can be corrected speedily by a simple change in the definition of "minor", would the minister consider bringing in an amendment to the act forthwith? I am sure it would be quickly passed.

Mr. Speaker: Order, please. This is a representation or suggestion, not a question.

* * *

[*Translation*]

FINANCE

TAXING OF CERTAIN PROPERTY RIGHTS PURCHASED BEFORE 1972—POSSIBILITY OF TAXING ACQUISITION OF MILK QUOTA

Mr. Adrien Lambert (Bellechasse): Mr. Speaker, I should like to put a question to the Minister of Finance.

In the course of his budget speech, the minister said that he was considering taxing certain properties acquired before 1972, and he gave as an example of this type of property the quota on certain farm products such as milk. So, my question is: Does the minister intend to consider as income the milk quota that a farmer sells together with his farm in 1972? Is this the type of property that the minister intends to tax according to the announcement contained in the last budget?

Inquiries of the Ministry

Hon. John N. Turner (Minister of Finance): Mr. Speaker, if the hon. member will send me precise facts concerning his question, I shall answer it directly and precisely.

* * *

[*English*]

EXTERNAL AFFAIRS

PROPOSED ADMISSION OF GERMAN DEMOCRATIC REPUBLIC TO WORLD HEALTH ORGANIZATION CONFERENCE—POSSIBLE VISIT TO CANADA BY TRADE COMMISSIONERS—GOVERNMENT POSITION

Mr. Heath Macquarrie (Hillsborough): Mr. Speaker, I should like to ask the Secretary of State for External Affairs what the government's attitude is now toward full membership of the German Democratic Republic in the World Health Organization conference at Stockholm, and is the government now considering looking with favour upon a visit of trade commissioners from the German Democratic Republic to this country?

Hon. Mitchell Sharp (Secretary of State for External Affairs): Mr. Speaker, the position of representation of the German Democratic Republic at the Stockholm conference is dependent upon the rules of the United Nations itself, that is, that the German Democratic Republic should be a member of either the United Nations or one of the subsidiary organizations. So far as I know, it has not yet qualified.

Mr. Macquarrie: Mr. Speaker, may I ask the minister to answer the second part of my question relating to the matter of trade commissioners?

Mr. Sharp: In answer to the second part of the question, Mr. Speaker, we are, of course, quite prepared to carry on trade with the German Democratic Republic and have been doing so for some years. But we cannot, of course, recognize them officially in any way until we have recognized the government of that country.

* * *

POLLUTION

TAPS TANKER ROUTE THREAT—UNITED STATES RESPONSE TO PROPOSED REFERENCE TO INTERNATIONAL JOINT COMMISSION—CANADIAN REPRESENTATIONS ON OIL MOVEMENT

Mr. Randolph Harding (Kootenay West): Mr. Speaker, I have a question for the Secretary of State for External Affairs. In view of the fact that on April 26, 1972, the minister indicated he had made formal representations to Secretary of State Rogers of the United States to join Canada in making a joint reference to the International Joint Commission of the whole question of pollution of waters of the west coast bordering Canada and the United States, I should like to ask whether the minister received a reply to his formal representations on this matter prior to the news release last week which indicated that the United States would proceed with the trans-Alaska pipeline?

[Mr. Lambert (Bellechasse).]

Hon. Mitchell Sharp (Secretary of State for External Affairs): No, Mr. Speaker, we have not yet received a reply. We did not receive one before that announcement, nor have we received one since.

Mr. Harding: Mr. Speaker, has the minister received any assurance from the United States in reply to Canadian representations that the oil from Alaska will not move through the Strait of Juan de Fuca and Georgia Strait to the refinery at Cherry Point?

Mr. Sharp: No, Mr. Speaker. That continues to be the position of the Canadian government. I hope our representations in this respect will be successful because I believe that Cherry Point should be served from the interior so as to minimize the chance of oil spills in that beautiful part of British Columbia.

Mr. Harding: Has Canada made any representations to the United States in respect of oil shipments actually being made through Canadian waters to refineries in the Puget Sound area from the oilfields in the Cooke Sound area of Alaska?

Mr. Sharp: Mr. Speaker, we have made some general representations to the United States about the importance, regardless of what happens, of improving the safeguards against oil spills. This applies, of course, to all shipments, not only those that might come down from Valdez but as well from any other direction. The United States in reply has said to us that of course there is a problem on the east coast as well as on the west coast, and we have said we would like to look at them all together.

* * *

AIR TRANSPORT

MANITOBA BILL IMPOSING TAX ON OVERFLIGHTS ACROSS PROVINCE—GOVERNMENT ACTION TO MAINTAIN FREE USE OF AIR SPACE

Mr. E. B. Osler (Winnipeg South Centre): Mr. Speaker, I should like to direct my question to the Minister of Justice. It is my understanding that a bill has received third reading in the Manitoba legislature, but has not yet received Royal Assent, which would, among other things, charge a 5 per cent tax on overflights across the province. Will the minister look into what means the federal government can take to assure the free use of Canadian air space by all the people of Canada?

Hon. Otto E. Lang (Minister of Justice): Mr. Speaker, I appreciate the hon. member bringing this matter to my attention. I will look into it and report to him later.

* * *

FINANCE

STUDENT LOANS—SUGGESTED EXTENSION OF INTEREST-FREE PERIOD BECAUSE OF UNEMPLOYMENT AND REVIEW OF REPAYMENT PROCEDURES

Hon. Robert L. Stanfield (Leader of the Opposition): Mr. Speaker, I have a question for the Minister of Finance. On

April 18 the minister undertook consideration of a suggestion to extend the interest-free period on student loans which are now due for graduates who are unemployed through no fault of their own. The minister made no mention of this problem in his budget. Does he plan any action to alleviate this problem?

• (1500)

Hon. John N. Turner (Minister of Finance): Mr. Speaker, perhaps the hon. member would allow me to take the question as notice and get back to him as soon as possible.

Mr. Stanfield: While the minister is considering that, Mr. Speaker, I would ask him whether he is prepared to review the repayment procedures his department is now following with a view to restoring responsibility for collection either to the Department of Finance or to some other government agency? Would he at least undertake a review of some of the procedures followed by collection agencies on whom the Department of Finance is placing the responsibility for collecting overdue loans? I make this request because I understand it is being suggested by some of these agencies to students who owe money that they should borrow from finance companies at rates as high as 18 per cent in order to get the Department of Finance off their backs.

Mr. Turner (Ottawa-Carleton): Mr. Speaker, I do not accept some of the statements in this question. I am advised we have discussed the situation of students who happen to be unemployed and are unable at this stage to repay loans with the chartered banks. They have agreed to co-operate in cases of unemployment by carrying such debts for a period of some six months without requiring payment before submitting claims under the guarantee provisions. That step we have already taken, and I will look into the other aspects of the hon. member's question.

* * *

[*Translation*]

REGIONAL ECONOMIC EXPANSION

CLOSING OF CIP PLANT AT TÉMISCAMINGUE—DISCUSSION WITH QUEBEC AUTHORITIES TO ALLEVIATE SITUATION

Mr. Réal Caouette (Témiscamingue): Mr. Speaker, I have a question for the hon. Minister of Regional Economic Expansion.

In view of the closing down of the Canadian International Paper Company on May 31, can the minister tell us whether he has held discussions with Quebec authorities to ascertain whether it is possible to avoid hardship for the population of Témiscamingue, or are such meetings planned for this week or next in order to study the situation prevailing in Témiscamingue?

Hon. Jean Marchand (Minister of Regional Economic Expansion): Mr. Speaker, that is a situation we are following very closely. We have prepared various plans. I have already met with the president of the company and he is not interested in reopening the plant, the mill. In fact, I have even offered him an updating grant, but he is not interested. Therefore, something else must be found and that is what we are trying to do.

Inquiries of the Ministry

Mr. Caouette: Mr. Speaker, I have a supplementary question for the hon. minister.

Has the Quebec government submitted any plans to him, or does he expect to receive any before the plant closes down on May 31?

Mr. Marchand (Langelier): If contacts are established at the senior official level in my department, I might inquire and report to the hon. member on Wednesday.

* * *

[*English*]

GRAIN

WHEAT—REQUEST FOR STATEMENT ON PRICES FARMERS RECEIVE ON EXPORT SALES—ADEQUACY TO RETURN PROFIT

Right Hon. J. G. Diefenbaker (Prince Albert): Mr. Speaker, my question is directed to the Minister of Justice in his other capacity. In view of the fact that at a meeting of the various farm organizations recently held in Minneapolis there was agreement in the final statement that was issued that, while our exports of wheat throughout the world are increasing greatly because of the increase in demand, the prices being paid by importing countries do not return any profit to the farmer, I would ask the minister this question. As every one of the competitors knows what the other competing country is receiving, will he let the Canadian farmers know what the prices are for wheat sold for export, Nos. 1, 2 and 3, or whatever the new classifications are?

Hon. Otto E. Lang (Minister of Justice): Mr. Speaker, the Wheat Board in the ordinary course posts the prices at which it is offering wheat. I should point out to the right hon. gentleman that the increase in Canadian exports of wheat is taking place despite the fact that this year the over-all trade in wheat is down.

Mr. Diefenbaker: Mr. Speaker, that is the revised version but it is not what the agricultural organizations which met in Minneapolis said. I ask him whether he will now say if the prices being received for Canadian wheat by the Wheat Board for the several grades will be made known, and is it a fact that the prices being received are below a level that will bring the farmer any kind of a return?

Mr. Lang: Mr. Speaker, as I indicated, the prices the Wheat Board quotes are available and known and can be compared with a previous year. Therefore the exact return can be calculated.

Mr. Diefenbaker: Mr. Speaker, I find it difficult to understand the evasiveness of the hon. gentleman except that he is afraid to let the farmers know that their wheat is being sold at virtually firesale prices.

Mr. Speaker: Order, please.

Inquiries of the Ministry

CONSUMER AFFAIRS

ALLEGED INCREASE IN PROFITS OF SAFEWAY AND GEORGE WESTON—REQUEST FOR INVESTIGATION OF FOOD PRICES

Mr. Lorne Nystrom (Yorkton-Melville): Mr. Speaker, my question is directed to the Minister of Consumer and Corporate Affairs. In view of an increase in profits in the first three months of this year over last year by Safeway of 40 per cent and by George Weston of nearly 50 per cent, and in view of the fact that the rise in the consumer price index was mainly caused by increased food prices, will the minister undertake to investigate these profits with a view to lowering the price of food?

Hon. Robert K. Andras (Minister of Consumer and Corporate Affairs): Mr. Speaker, under the Combines Investigation Act the director of that branch would in the normal course be required to make an investigation whenever he felt the act was being violated. If there is specific information available, I would ask the hon. gentleman to reveal it either to me or to the director. I am sure he will carry out his duties in that regard.

* * *

YOUTH

OPPORTUNITIES FOR YOUTH PROGRAM—ALLEGED SECRET CRITERIA IN PROJECT ASSESSMENT FORM—REQUEST FOR STATEMENT AND TABLING OF DOCUMENT

Mr. David MacDonald (Egmont): Mr. Speaker, in view of reports last week to the effect that there exists a series of secret criteria within a project assessment and analysis form for internal use by the Opportunities for Youth secretariat, could the minister alleviate some of the fears and concerns on this matter by indicating the nature of such rules, and perhaps also table the document in the House either today or tomorrow?

[*Translation*]

Hon. Gérard Pelletier (Secretary of State): Mr. Speaker, I don't know where the hon. member got his information, but there is no series of secret criteria; there is a breakdown of general criteria into sub-criteria, which can be deduced from the first ones by those who suggest various projects. It is an analysis method; the five questions become 25 because each one is broken into five elements.

[*English*]

Mr. MacDonald (Egmont): In view of the fact that a story appeared on the front page of a Toronto newspaper last week to the effect that a number of additional rules in fact were used by the secretariat in deciding which programs were to be approved or not approved, would the minister not be willing to provide that information to members of the House so that we might have a clear picture of the actual basis on which decisions to approve were made, having in mind that the vast majority of projects which were submitted were not approved?

[*Translation*]

Mr. Pelletier: Mr. Speaker, as I have spent 25 years of my life in journalism, I pity the hon. member with all my heart if he believes everything he reads on the first page of the newspapers.

Secondly, I would like to tell him that there are no secret documents that could be revealed, and I believe that, when the department's budget is studied by the committee, I will be ready, and my officials too, to answer all questions, including the prejudice, the strengthening of which is being sought at the present time, that has arisen through a wrong interpretation of an answer given by the Prime Minister: No list of projects has been given to the RCMP. I felt that I had to say this.

[*English*]

Mr. Speaker: Order, please. We should try to move on. The hon. member will be allowed a second supplementary, but we will be running short of time.

Mr. MacDonald (Egmont): Since there has been a shortage of information throughout the piece from the minister concerning the basis on which decisions were made with regard to the more than 19,000 projects submitted, when is the minister going to provide some detailed information not only to members of the House but also to the thousands of students who submitted projects inasmuch as to date most of these people have received only a form letter with none of the information involved?

[*Translation*]

Mr. Pelletier: Mr. Speaker, that is a question I have already answered four times.

* * *

• (1510)

[*English*]

POST OFFICE

CONTRACT NEGOTIATIONS WITH UNIONS—POSSIBLE INTERVENTION OF POSTMASTER GENERAL—USE OF NEGOTIATORS FROM LABOUR DEPARTMENT

Hon. W. G. Dinsdale (Brandon-Souris): Mr. Speaker, my question is directed to the Postmaster General. Now that the President of the Treasury Board is running into heavy seas in connection with the negotiations with the postal unions, would the Postmaster General use his good offices to ensure a fair and more equitable settlement to avoid the possibility of disruption of this important service?

Hon. Jean-Pierre Côté (Postmaster General): Mr. Speaker, I do not know whether the hon. member knows what he is talking about. I have kept silent in the House by request of the unions themselves. I do not think they have made any declarations on the issues that are now under negotiation. So far as the negotiations are concerned, they are still going on and progressing.

Mr. Dinsdale: Mr. Speaker, in view of the statement of the postal unions on May 11, would the Postmaster General encourage the use of the special negotiators in the Department of Labour to bring about a reduction of growing tensions at this time?

Mr. Côté (Longueuil): I do not think the unions made a public statement on May 11.

YOUTH

OPPORTUNITIES FOR YOUTH PROGRAM—POSSIBILITY OF REASONS BEING GIVEN FOR REJECTION OF PROJECTS

Mrs. Grace MacInnis (Vancouver-Kingsway): Mr. Speaker, I have a supplementary question to the previous question put to the Secretary of State. Could the minister assure us that if people who have submitted projects that were rejected write to the department they will be given not a form letter but specific reasons why their particular project was rejected?

Hon. Gérard Pelletier (Secretary of State): Yes, Mr. Speaker, in time.

Mr. Speaker: Order, please.

* * *

AGRICULTURE

POSSIBLE STEPS TO IMPROVE NET INCOME POSITION OF ONTARIO FARMERS

Mr. W. M. Howe (Wellington-Grey-Dufferin-Waterloo): Mr. Speaker, my question is directed to the Minister of Agriculture. In view of the fact that the farmers of Ontario have suffered a reduction in net income from $402 million to $324 million, a difference of approximately $78 million in the last year, what steps are the Department of Agriculture and the minister contemplating to improve the situation of Ontario farmers?

Hon. H. A. Olson (Minister of Agriculture): Mr. Speaker, a number of steps have been taken, far more than you will permit me to list in reply at this time. I am sure the hon. member will find on examination that many returns to the Ontario producers have increased rather substantially in the last four to five months.

* * *

CANADIAN BROADCASTING CORPORATION

DISPUTE WITH NABET—REQUEST FOR STATEMENT ON NEGOTIATIONS

Mr. J. P. Nowlan (Annapolis Valley): Mr. Speaker, my question is for the Secretary of State. It could be supplementary to the one that was put before seeking information concerning the dispute in the Post Office. Has the minister anything to report on that continuing old chestnut, the problems between NABET and the CBC? If the minister did not understand my question, I am referring to the CBC and NABET labour dispute which is still smouldering.

[*Translation*]

Hon. Gérard Pelletier (Secretary of State): No, Mr. Speaker, I have nothing to report at this time.

[*English*]

Mr. Nowlan: Is the Secretary of State or the Minister of Labour going to take any direct initiatives to resolve this continuing labour problem, or is the Secretary of State

finally going to tell the Canadian taxpayers either what this dispute is going to cost them or what they are saving as a result of the disruption of the CBC service?

* * *

GRAIN

BARLEY—SUGGESTED INCREASE IN INITIAL PRICE TO PROVIDE GREATER INCENTIVE TO PLANT

Mr. S. J. Korchinski (Mackenzie): Mr. Speaker, I have a question for the minister responsible for the Wheat Board. Will any further action be taken as a result of the meeting he had with some provincial ministers of agriculture regarding the possibility of increasing the initial price of barley, a suggestion I made to the minister earlier, in the hope that farmers will increase their acreage this year?

Hon. Otto E. Lang (Minister of Justice): In the discussions I had recently with the provincial ministers of agriculture we reviewed the same factors which had existed and which we had reviewed prior to the March 1 announcement of initial prices. At that time I had discussions with the Wheat Board and with many producer organizations concerning the proper level for initial prices, and the agreed 5 cent increase for barley was determined at that time. I see no reason to change it now. All of us are agreed that it is desirable for farmers to increase their barley plantings slightly over what was shown by the Statistics Canada survey.

* * *

REGIONAL ECONOMIC EXPANSION

REQUEST FOR INTERIM REPORT ON CERTAIN GRANTS

Mr. John Burton (Regina East): Mr. Speaker, I wish to ask the Minister of Regional Economic Expansion a question, if he will take his mind off election planning for a few minutes. Can he indicate when he will be able to fulfil his obligation under the law and present to the House a supplementary report on the Regional Development Incentives Act, which he promised to present as soon as possible? Can he tell us how soon "as soon as possible" is?

Hon. Jean Marchand (Minister of Regional Economic Expansion): I believe I answered this question last Thursday, Mr. Speaker.

Mr. Burton: Has the minister given any further consideration over the weekend to the production of an interim report such as was suggested earlier?

[*Translation*]

Mr. Marchand (Langelier): No, Mr. Speaker, the decision has been taken. I have asked that this report be prepared as soon as possible and it will be presented as soon as possible.

Inquiries of the Ministry

[*English*]

NATIONAL PARKS

FAILURE OF CERTAIN XAVIER COLLEGE STUDENTS TO OBTAIN EMPLOYMENT AS PARK GUIDES—SELECTION CRITERIA

Mr. Robert Muir (Cape Breton-The Sydneys): Mr. Speaker, my question is directed to the minister responsible for Canada's national parks. In light of information from Professor Dr. Donald Arseneau, placement officer at Xavier College in Sydney, that of 23 students at that college who applied for positions as park guides not one was successful, would the minister cause an investigation to be carried out to ascertain whether this discrimination came about as a result of the bilingualism requirement?

[*Translation*]

Hon. Jean Chrétien (Minister of Indian Affairs and Northern Development): Mr. Speaker, I shall inquire into the matter and report to the hon. member. I must admit that it is desirable that in all national parks there be people who can address visitors in both official languages.

[*English*]

Mr. Muir: I share the same hopes as one who supported and voted for the language bill. In view of the assumption reached by Dr. Arseneau as quoted in the press that "the implication of recent legislation seems to be that a person has less opportunity of obtaining a job with the federal government if his native language is English", may I ask the minister if he can advise the House whether, in selecting applicants for these positions, the basic criterion is that one must be bilingual and other qualifications are not important?

[*Translation*]

Mr. Chrétien: Mr. Speaker, in the preceding question, I stated what the general principles were. I am going to inquire as to whether a special problem exists in Cape Breton Highlands National Park and I shall report to the hon. member.

* * *

[*English*]

PUBLIC SERVICE

POSSIBLE INTRODUCTION OF LEGISLATION AS RESULT OF BRYDEN REPORT

Mr. Lincoln M. Alexander (Hamilton West): Mr. Speaker, my question is directed to the government House leader who I understand is in charge of the report of the Bryden Committee. Can he advise the House whether the government has completed its deliberations in that regard, whether in fact it is contemplating legislation by way of amendments to the Public Service Staff Relations Act and, if so, when does the government intend to introduce this legislation?

Hon. Allan J. MacEachen (President of the Privy Council): Mr. Speaker, I have already indicated that it is not the intention of the government to bring in amending legislation at this session.

[Mr. Marchand (Langelier).]

In reply to the first part of the question, may I say that the study of the Bryden report is not yet completed and conclusions have not yet been reached as to what course of action should be followed, if any, as a result of the study.

Mr. Alexander: I was under the impression that the study had been completed and that a report had been submitted. Can the government House leader advise the House when he expects the investigation to be completed and therefore when the report is expected?

Mr. MacEachen: I cannot put any definite time limit on the study stage.

Mr. Speaker: Orders of the day.

GOVERNMENT ORDERS

THE BUDGET

FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

The House resumed, from Thursday, May 11, consideration of the motion of Hon. John N. Turner (Minister of Finance) that this House approves in general the budgetary policy of the government, and the amendment thereto of Mr. Lambert (Edmonton West) (page 2178), and the amendment to the amendment of Mr. Saltsman (p. 2182).

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, I want to conclude my budget remarks today by dealing with the Michelin tire case in Nova Scotia. Perhaps the Minister of Finance (Mr. Turner) or a spokesman of his will arrange to deal with the substance of the issue before the debate concludes later tonight. There are two very important questions in the Michelin tire case. The first concerns an agreement that was made to grant the Michelin Tire Company a three year period during which time they would be permitted duty free entry into Canada of tires produced elsewhere. The attempts made by me in the last ten days to elicit a clear and unequivocal answer from the Minister of Finance on this situation have been, to put it euphemistically, not entirely successful.

• (1520)

I have a letter here, sent to me by the minister's precedessor, now the Minister of National Defence (Mr. Benson), dated June 21, 1971, the third paragraph of which reads:

> The government has agreed to permit the Michelin company to import certain types and sizes of tires duty-free for a period of three years—

Later in the letter he made reference to the fact that the government intended to permit the Michelin Tire Company duty free access to the Canadian market so far as certain lines of tires were concerned. What are the implications of this? They are now clear, Mr. Speaker, and they should have been clear at the time these negotiations were entered into with the Michelin Company. We already have seven tire producing firms operating in Canada, Mr. Speaker, most of them located in Ontario but

some in Quebec, and they are all operating below capacity. So far as the Canadian market is concerned, the existing firms already have a surplus capacity. This is something the government should have known. It should never have entered into an agreement with the Michelin Corporation allowing that corporation to import tires, presumably made in France, into Canada. The only effect this could have would be the displacement of production, and thus of workers already employed in Canadian firms.

It is my understanding that the reason for the equivocation of the Minister of Finance in recent days is that a policy decision has not really been reached. If I am correct on that, Mr. Speaker, I hope the minister will verify it. I understand, from conversations with the heads of other tire companies in Canada, that they have protested strongly against this intended action by the federal government. They pointed out that even if their firms were subsidiaries of companies located elsewhere, it was unfair to them to give Michelin the right to import tires duty free, without giving the same right to them. The point that concerns me is not the question of unfairness to other firms, but the question of importing tires at all. I think it is a bad principle to allow Michelin or any other tire company to import tires duty free when our existing plants are operating below capacity.

The government must stop equivocating on the issue. It must make clear whether it has rescinded the commitment it made to the Michelin Tire Company. I hope it has done so. It was an unwise decision in the first place. Canadian jobs are more important than the desires of the Michelin Corporation. And I say this being completely aware of the problems of workers in the province of Nova Scotia, who are seeking employment there. Anyone who knows anything about unemployment levels in Canada east of the Ottawa River cannot be anything but concerned about the government's intentions to provide employment in that area. But there is no gain to be made for workers in Canada in general if we create jobs in Nova Scotia, or anywhere else, at the expense of men and women who are currently employed. All that does is shift unemployment from one part of the country to another, and this at the taxpayers' expense. It is bad policy. I appeal to the government to clear up the situation. Has it withdrawn its original decision to allow free access to the market? If not, I urge the Minister of Finance to undertake to do so, and to do it quickly.

Now, I wish to deal with the second aspect of the Michelin case. This concerns the recent announcement of the United States government that it will apply special levies against tires produced by Michelin and exported to the U.S. market. If this is going to be part of Mr. Connally's economic policy toward Canada, then the implications are simply horrendous for the Canadian economy. I refer to this matter with great care, Mr. Speaker, because all during the last year of Canada-United States negotiations on trade, the regional development program has been cited by the Americans as one of the things which irritate them. This may be the beginning of a major economic battle to be waged by the U.S. government against our regional development program involving Canadian firms seeking export markets, and in particular United States markets. It is of great importance to know whether this is a single incident, or whether the U.S. is simply beginning with Michelin and intends to apply its policy to all Canadian firms, no matter where they are located, that export goods to the United States. On this point, the government has a case that it can make.

I think the Americans are absolutely right in their objections to the Michelin case. They have some grounds for their argument if, in effect, what they are saying to the Canadian government is, "You are bringing a firm into this country that was not originally in existence here, and subsidizing it highly to produce goods not primarily for the Canadian market." That line of reasoning has to be given fair consideration. The Americans seem to have a legitimate case, but there is another point that concerns me at a more serious level. If the Americans intend to apply the same reasoning to all regional development cases, then a distinction has to be made between the Michelin case and firms that were already located in Canada which were simply given grants to move to other parts of the country. No country, the United States or any other, can make a case against such firms receiving grants if they export to the United States, because those firms were already involved in production for the domestic market here.

It is time for the Minister of Finance and the Minister of Industry, Trade and Commerce (Mr. Pepin) to take public action. The latter has assured us that he has practised quiet diplomacy with the Americans with respect to DISC and other measures. I do not know if he has upheld our case on the regional development situation, but both ministers have an obligation to make the Canadian policy clear, and make sure the Americans understand it now.

Hon. Mitchell Sharp (Secretary of State for External Affairs): Mr. Speaker, all those who have been ministers of finance sympathize with their successors. It is one of the most ungrateful of portfolios, although perhaps my successor on this occasion will receive as much gratitude as he deserves from the Canadian public, and that is a great deal. We all feel some sympathy when we see a minister of finance get up to deliver his first budget speech knowing that regardless of what it contains, whether it is concientious and humanitarian, it is bound to be the subject of partisan attack from all of the opposition parties. It is therefore with sincere admiration that I congratulate the Minister of Finance (Mr. Turner) on the budget that he delivered last Monday evening. Those who had great expectations about how he would perform found those expectations fulfilled. He has not disappointed us. He was conscious, as was the House, that this was the last budget before the next election.

• (1530)

Mr. Hees: Well now, we are getting close!

Mr. Sharp: A less intelligent minister might have opted for distributing largesse in order to try to buy votes. On this occasion my colleague opted for a responsible approach combined with humanitarianism.

Mr. Hees: John, he is saying it just as you wrote it.

Mr. Sharp: According to those who are in a position to judge, Canada has a record second to none throughout the world in recent years in terms of the expansion of the economy and the control of inflation. Indeed, as the Minis-

ter of Finance pointed out in his budget address, among the ten leading industrial nations the growth of Canada's real output in 1971 exceeded that of any other country except Japan and was twice the increase in the United States. The rise in prices was lower than that of any other industrial country. Someone said that if they gave Oscars for countries for economic performance, we would have been one of the recipients.

Mr. Muir: Sing along with Mitch!

Mr. Sharp: The main task of the budget was to do everything to ensure that the economy continued to surge ahead with a minimum of inflation.

This is a tough job at any time, but I am sure that members of the House will agree that at this particular time with the external threats to stability we had a very difficult task to face. I think the Minister of Finance faced it in a very intelligent fashion because he decided that we had to concentrate upon trying to improve our competitive position around the world. It was clear that the main problem in this connection was in the area of manufacturing. Resource industries have been enjoying special incentives over the years and as far as service industries are concerned, in general they were not subject to the kind of competition that has been causing us concern from outside Canada and they are expanding steadily and vigorously.

In manufacturing, however, in recent years there has been very little if any increase in employment. Forecasts of capital spending saw the same sort of condition, a reluctance on the part of manufacturing industries to increase their investment in plant, equipment and new buildings. The decision was therefore made to concentrate upon stimulating manufacturing industries as the most effective way of underpinning the growth of the economy. This also makes good sense, Mr. Speaker, in terms of an industrial policy. In the years to come there is good reason to believe that the demand for our raw materials and our energy will be very very high; all we have to do is remain reasonably competitive and we should reap the benefits of our good fortune.

When we come to manufacturing the situation is different, however, because there we will certainly have to vie for markets both at home and abroad. This is the challenge that all of us in this country must take up. This is not a partisan matter; it is not a matter that ought to divide the parties of this House or the people of this country. I suggest that this House and all parties in it should strongly support the dramatic tax reductions announced in the budget by the Minister of Finance relating to manufacturing industries.

Spokesmen for the NDP in particular have criticized these tax reductions. They have scorned the confidence of the Minister of Finance in the manufacturing companies of this country. The NDP is cynical about many things and perhaps this is one of the reasons why it never gets very far in politics. Someone said that they claim to have a policy for people but they suspect individuals.

Mr. Stanfield: I thought this was a non-partisan speech.

[Mr. Sharp.]

Mr. Sharp: What is the alternative to this action proposed by the NDP? What they proposed were across the board tax cuts to individual taxpayers. All of us applauded when the former minister of finance brought in his tax reform and took some 800,000 people or taxpayers off the tax roll and decreased the taxes for another four million people. This was the right priority at that time and combined with the family income security plan brought in by the Minister of National Health and Welfare (Mr. Munro), will probably result in as massive a transfer of help to the poor people of this country as has been accomplished in a generation.

One of the things that puzzled me about this particular approach is that it was opposed by the NDP. The attitude of the NDP toward FISP is little short of incredible. That party talks about a guaranteed annual income. A guaranteed annual income involves the transfer of income to the bottom end of the scale; it involves some sort of tapering of assistance as incomes rise but when the government, under the FISP legislation, proposed this with reference to family income support, the NDP was the only party in this House to oppose it. I think this is unbelievable and I can only say that perhaps the NDP is infected by a larger dose of the "Waffles" than we had suspected.

Would another tax cut to individual taxpayers have been the right step in this budget? This alternative was considered and obviously it has attractions. It might have appeared to be more popular politically to give some tax cuts to everyone in the country but would it have been the most effective way of creating new jobs, which the Minister of Finance quite rightly has said is the priority task? Mr. Speaker, I believe the answer is clearly in the negative. Consumer demand is already growing steadily and substantially. It does not require special stimulus at the present time. Moreover, consumers spend their money not only on goods produced in Canada but spend it on imports. If tax cuts had been used as the means to achieve a greater number of jobs in this country by increasing general spending, there would have been a very substantial leakage into imports with the result that I would have to conclude, as I am sure would all those who look at the problem, that this is the wrong prescription at this time.

Mr. Stanfield: Why was it right last fall?

Mr. Sharp: Because circumstances were quite different. One of the main purposes of policy at this time—and I am sure the Leader of the Opposition (Mr. Stanfield) would agree-should be to increase spending by Canadians on Canadian goods and to increase the export of Canadian goods. This cannot be done by self-defeating protectionism to which this Liberal administration is very strongly opposed. Export subsidies or tax incentives are not going to do the job because they do not help us at home to meet competition from foreign imports nor, as I have said, can that be accomplished effectively by stimulating consumer demand. There is too much leakage involved in this method. What is needed is further efforts by Canadian manufacturers and processors to produce more efficiently and cheaply, to meet the competition of imports and the competition of other countries in export markets.

The budget zeros in on this problem as its main thrust. It does not do so by half measures but by very dramatic

tax cuts affecting manufacturers both large and small and by special writeoffs to encourage them to become more efficient by buying new machinery and equipment.

I join with the Minister of Finance in inviting the manufacturers of this country to show that they are equal to the challenge. Canada is recognized as one of the more advanced industrialized countries in the world. We have a highly trained labour force which becomes more skilled day by day. Manufacturers, through their association, have made representations to the government for lower taxes. They have said they were at a disadvantage in comparison with companies around the world which they claimed were paying lower taxes. The government has now responded. It has done exactly what they asked the government to do, increased tax incentives by lowering the corporate rate of tax. I believe that they will respond.

• (1540)

I am one of those, also, who believe in co-operation between labour and management. I believe, as does the Minister of Finance that the manufacturers will respond to this challenge. I know I can associate myself with the Minister of Finance by saying that I expect the labour unions of this country will also respond to this challenge. This is not a case of a contest between the manufacturers and the labour unions; this is a case, it seems to me, of the labour unions and their employers in this country joining together in the urgent task of creating more jobs. This is a time for all parties, for all economic groupings, business and labour alike, to join together, to ensure the success of this battle for jobs in manufacturing and processing. It is not going to be won if the manufacturers and processors use these tax cuts simply for the purpose of increasing earnings and dividends. It is not going to be won, either, if those tax reductions are translated quickly into cost increases in the form of wage increases. It is the government's purpose, and I think it ought to be the purpose of everyone involved, to use these tax reductions to make Canadian goods cheaper—that is, to produce them more cheaply so that we can create more jobs. This, it seems to me, is an endeavour in which there should not be any differences of view, either in this House or as between management and labour.

I read the comments of the financial critic of the NDP and the hon. member for Oshawa-Whitby (Mr. Broadbent) about the DISC and about the necessity for taking action to meet the threat posed by that piece of mischievous American legislation. They concentrated their attention, it seems to me quite wrongly, on retaliation by Canada. Perhaps we shall have to take action if it can be shown that imports from the United States under the DISC are being unfairly subsidized. That remains to be seen. But it is typical, it seems to me, of the negative attitude of the NDP, that they fail to see that the threat posed by DISC is in foreign countries as well as here, at home. This threat cannot be met by imposing a levy on imports into Canada that are subsidized under the DISC or under any other program. That threat can only be met by giving our manufacturers and our processors some positive encouragement to compete on more equal terms with United States exports in foreign markets.

Obviously, however, this kind of encouragement to corporations runs counter to the philosophy of the NDP. Sometimes I think the NDP believes that the world is divided into corporations and individuals. Taking that point of view will not be enough. Surely, the logic of the position taken by the NDP is this: That party says, "Because we are opposed to any help to corporations, we are prepared to forgo the possibility of becoming more competitive and of increasing the opportunities for ordinary Canadians to work in producing goods for the home market and in producing goods for export." At one time I thought that the NDP was beginning to abandon the sterility of its doctrinal position. However, I read in the budget debate in this House just the same old stuff. It looks to me, Mr. Speaker, as if the NDP has once again turned or returned to that tired, old discredited line that has so little relevance either to the modern world or to modern Canada.

We are all familiar with the nature of the competition Canada faces around the world. As Secretary of State for External Affairs, I have had some opportunity to see the problem at first hand. I have talked to officials and governments around the world about the problems that are being faced by them and by ourselves. I can say this, based on my own experience, which I am sure is confirmed by the experience of most members of this House: We are not going to have an easy time. We are in a battle with giants—with the United States, with the new Europe and with Japan. But we are not without weapons in this battle. Canada is one of the great store houses of natural resources and energy which other countries will increasingly need and want. Our bargaining position is not minimal. Our labour force is becoming increasingly skilled. Our reputation abroad is good and we have that advantage that has not accrued to those giants, namely, that we are less suspect in international marts than they are. So, we have some advantages.

We have been exploiting these advantages in all directions by building up those relationships, political and economic, that ensure our producers of fair access to markets and fair trading rules. There never before has been such activity going on in negotiations between Canada and the United States, between Canada and Europe and between Canada and Japan. This has been a time of the most intensive activity, political and economic; we have been trying to establish and maintain rules for access by Canada to those markets.

Mr. Stanfield: Have they been very fruitful.

Mr. Sharp: Yes, Mr. Speaker, very fruitful. There has been the biggest increase in exports in the last three or four years that this country has ever seen.

Mr. Hees: Obviously, the minister is talking only about the United States and ignoring the rest of the world.

Mr. Sharp: Here I must compliment my cabinet colleague, the Minister of Industry, Trade and Commerce (Mr. Pepin) who is not in the House. I feel that he has been the most effective minister to occupy that portfolio,—

Mr. Hees: The rest of the world is down, Mitch.

Mr. Sharp: —and has been more effective than the hon. member who occupied that position and who is now in opposition.

Mr. Hees: Down, down, down. Trade with the rest of the world is down.

Mr. Sharp: The present Minister of Industry, Trade and Commerce has done an excellent job in promoting Canadian goods, and he has been achieving success.

Mr. Hees: Our trade with the rest of the world is down.

Mr. Sharp: His predecessors in office ought to envy his record.

Mr. Hees: Every market but the United States is down.

Mr. Sharp: In the last three or four years, we have achieved a record that is second to none in the history of this country. I say that with all due deference to the hon. member who once occupied the position now occupied by the Minister of Industry, Trade and Commerce and who now sits in the opposition benches. I, also, take a humble position before my successor in office. It is no small wonder that our export industries hold in such high regard the present Minister of Industry Trade and Commerce, for he is a man who has worked well on behalf of Canadian industries abroad.

Some hon Members: Hear, hear!

Mr. Hees: Boy, have you got some great imagination.

Mr. Sharp: The spokesman for the official opposition, the hon. member for Edmonton West (Mr. Lambert), in his remarks last Thursday took a potshot at the government's position on foreign takeovers.

Mr. Baldwin: He had so many targets, you know.

Mr. Sharp: As was characteristic, the hon. member said he was both opposed and in favour. Then, he moved over to the vague position of his party, namely, that something should be done.

An hon. Member: How about that?

Mr. Sharp: Yes. I also listened to Premier Davis on this issue over the weekend.

Mr. Hees: He told the truth.

Mr. Sharp: And what did he say? He said he would not accept the challenge laid down by our Prime Minister (Mr. Trudeau) that the provinces could limit foreign investment if they wished. And why did he say that? He said it because he was concerned that if Ontario limited foreign investment, Quebec, the Maritimes or British Columbia might not. He is quite right. That is one of the main problems. All parts of this country and all provinces do not have the same view on the subject of foreign investment. I am not sure what the attitude of the Conservative government of Ontario is. Perhaps, in due course, they will reveal it; or, perhaps they will remain as vague as are their federal counterparts in this House.

[Mr. Hees.]

Mr. Hees: There are some differences in cabinet, you know.

Mr. Sharp: I only know this for certain: They will criticize the Liberal government in Ottawa, regardless of what it does. The name of the game from this time on apparently is to be party politics.

Mr. Hees: How are you fellows and Herb Gray getting along now?

Mr. Sharp: We decided to subject foreign takeovers to review.

Mr. Hees: Yes, but do you and Herb Gray agree?

Mr. Sharp: The Leader of the Opposition (Mr. Stanfield)—

Mr. Hees: Yes, but do you agree with Herb Gray?

Mr. Sharp: Yes, we are all agreed in cabinet. The opposition does not seem to be able to make up its mind.

Mr. Hees: You agree with Herb Gray! Well, that is one of the funniest things you have said all day.

Mr. Sharp: He sits in cabinet and is fully in accord on policies—

Mr. Hees: Then, he is not a man of conviction.

• (1550)

Mr. Sharp: No, no. He is a man of conviction. I do not know the hon. member's views. Perhaps he has not yet expressed them. I do not know whether the hon. member is a man of conviction or a man who shifts about from place to place trying to decide what position to take in the next election.

The Leader of the Opposition and Mr. Davis criticize us for not going further. If we had decided to subject new foreign investment to review, they would have accused us of wanting to limit the expansion of Ontario. They would have accused us of dividing the country, of favouring one part of the country against another. They would have accused us of encroaching on the jurisdiction of the provinces.

What is clear, I submit, is that for a policy regarding foreign investment to be successful, there must be a general consensus throughout the country on what is to be done, and there must be co-operation between the federal and provincial governments. This is not a question of whether or not the federal government has the courage to take far-reaching action. The important questions are: Will the policy work? Will it be supported in all parts of the country? Will it promote the unity, strength and independence of Canada? These are the issues we face.

In recent years, successive Liberal governments have moved forward steadily and deliberately to limit foreign control in Canada and to promote Canadian ownership. The proposal to review foreign takeovers is another step in that direction. It meets one of the serious concerns, a concern that has been supported in all parts of the country and on which, I believe, there is a national consensus. That is, we should do something about undesirable for-

eign takeovers. That is the national consensus. The process is not at an end.

There are few Canadians who do not support as much control as possible by Canadians of industries located in Canada. Every political party is in favour of that. There is no disagreement. The question is how to achieve that objective without limiting the economic development of the whole country and each of its parts. Some controls are necessary. We have put some of these in place. Some positive encouragement to Canadians is necessary. In this respect, we have been the most generous of all countries. We are very happy to see that some government initiatives such as the Canada Development Corporation, Panarctic and Polymer are now beginning to bear fruit. There are no simple answers to this question and it is futile to look for them. Every proposal has its advantages and its costs. Let us have a little less rhetoric and a little more realism.

The same may be said of the attitude of the opposition toward employment and price stability. Let us all agree that the ideal is full employment without inflation. We all support it. There is no difference of view among all parties in this House. Also, let us all agree that there is now too much unemployment in Canada and that prices are rising. The Minister of Finance has said on a number of occasions that he is not satisfied with the level of unemployment. There is nothing in these statements to divide the parties in this House. What really divides us is the fact that we on the government side have the responsibility for trying to help these things come about, and the opposition does not have that responsibility.

Mr. Stanfield: For the moment.

Mr. Sharp: The opposition is irresponsible. They criticize us, but they have never made any proposals that can be taken seriously. The Minister of Finance has predicted a very substantial increase in employment.

Mr. Baldwin: So did his predecessor.

Mr. Sharp: His predecessor was quite right. Last year, 330,000 new jobs were created.

Some hon. Members: Hear, hear!

Mr. Hees: We have continued unemployment at 6 per cent.

Mr. Sharp: This year should be better.

Mr. Hees: That is what you have been saying for four years.

Mr. Sharp: It has gotten better in every one of those four years. We have a continuous rise in the economy of Canada over a fairly long period. The budget of the Minister of Finance will continue the expansion that is now under way. In Canada, we have a very rapidly and steadily expanding economy. The opposition is trying to say that we are not expanding. The evidence is to be seen on all sides. It is to be found in all the figures that appear every month that there is a very rapid expansion of the Canadian economy.

Mr. Hees: This is your last budget speech.

Mr. Sharp: Whether that very substantial increase in the number of jobs will reduce the level of unemployment is another question. As the Minister of Finance said, it probably will. However, here in Canada we are going through a most extraordinary period of expansion in the labour force. There is nothing like it anywhere else in the world. If our labour force were stable, as it is in continental Europe today, we would have more than full employment. However, we do not. These are not the conditions we face. We face the most rapidly increasing labour force in the world. The growth in employment in Canada last year was far greater than that of virtually any other industrial nation, and four times the percentage increase in employment in the United States, but we still had unemployment.

We are all concerned about those who, notwithstanding the buoyancy of the economy and the increase in jobs, cannot find work immediately. That is why the government improved the terms of unemployment insurance, embarked upon enlarged programs of manpower training, introduced the Local Initiatives Program and Opportunities for Youth which have been such a resounding success. However, let us not confuse this concern about the unemployed with silly statements that the Canadian government is faltering and that the government is failing to give sufficient stimulus. In fact, we are one of the most rapidly expanding countries, if not the most rapidly expanding in the world.

Finally, Mr. Speaker, I join with others in congratulating the Minister of Finance for including in his budget message relief for those unable to keep pace with rising prices; the elderly retired, the disabled and the veterans.

Some hon. Members: Hear, hear!

Mr. Sharp: The time has come to incorporate into these basic pensions an automatic adjustment to rising living costs. Such automatic adjustments involve a certain risk. This has been recognized over a period of years. However, in my judgment and the judgment of the government, this is a risk that must be accepted. By this action, by increasing the Guaranteed Income Supplement by $15 per month and by raising the exemptions for the elderly, Canada has maintained its reputation as the most generous country in the world in its treatment of veterans, pensioners and the disabled.

May I add one further thought by way of conclusion, Mr. Speaker. It is because over the years Canada has followed a responsible fiscal and monetary policy and because our economic performance has been so satisfactory that we can afford to have this deserved reputation for humanitarianism.

Some hon. Members: Hear, Hear!

Mr. Robert L. Stanfield (Leader of the Opposition): Mr. Speaker, I will continue to follow the nonpartisan path the Secretary of State for External Affairs (Mr. Sharp) has established. I do not intend to run the great risk of dislocating my shoulder by slapping myself on the back as often as the minister did.

In the course of what I have to say today, I intend to address myself mainly to the Minister of Finance (Mr. Turner) and his budget remarks. I do not propose to argue

with him today as to whether or not it is a responsible budget, as far as it goes. I am more concerned, as the minister should be, about whether this budget is truly responsive to the needs of the country at this time. Applying that test, I find there are many significant ways in which the budget falls short of being satisfactory. These areas of shortfall are outlined in the amendment introduced in the House by the hon. member for Edmonton West (Mr. Lambert).

In speaking to that amendment today, I wish to cover several of those areas of the budget in which the proposals cannot be considered realistically responsive. There is one basic fact about the Canadian economy, despite all the palaver of the Secretary of State for External Affairs this afternoon. In the past two years or so, our economy has been running below its potential at the rate of about $3 billion a year. The unemployment arising from this situation constitutes the principal challenge which faces the government in 1972. The gap is a real gap. It is not just a matter of statistics. It is certainly real for more than 600,000 Canadians who are out of work and looking for jobs; it is real for the taxpayer who is shelling out to meet the costs of welfare payments arising from unemployment; it is real for businessmen looking for sales and it is real for every man, woman and child who is in some way bearing the burden of an economy which is not producing to its full potential.

• (1600)

I do not propose to dwell on the fact that this gap was deliberately created by the present government. That is common knowledge; there is no reason for me to elaborate on it. But having created this situation, one would almost believe that the government was determined to preserve this gap between the rate at which the economy is operating and the rate at which it should be operating to provide something like an acceptable standard of employment. I have heard of people falling in love with their own mistakes. That is about the only explanation I can give for the seeming determination of the government to do almost anything rather than get the economy moving again at the rate required to narrow the gap rapidly and regain an employment situation which any civilized country would wish to achieve.

So, the first priority of the government must be to get rid of the gap between the actual and the potential operation of the economy. In concrete terms, this means a vigorous and determined effort to create enough jobs to get rid of the shameful phenomenon of mass unemployment which has existed in this country for some time. This is the measuring rod against which we must judge the budgetary measures the Minister of Finance (Mr. Turner) has proposed. The budget we are considering today is the first budget which the hon. member for Ottawa-Carleton (Mr. Turner) has placed before the House. Appropriately enough, it has, superficially, a new look.

I had been hoping the Secretary of State for External Affairs (Mr. Sharp) would stay with us. He might learn something in passing.

Mr. Sharp: I will be back.

[Mr. Stanfield.]

Mr. Stanfield: Something non-partisan. As I was saying, there is, superficially, a new look about some of the measures the minister has proposed, at least by comparison with other budgets I have heard presented in the House. There is a modicum of justice done to some of our pensioners, though the move has come rather late in the day. I must say that if this step is followed by an immediate election the minister will have shown himself to possess a degree of political cynicism I did not think he had. Further, the fact that about 700,000 pensioners will benefit to the tune of some $2.88 a month is a reminder that the government still knows how to be petty. These pensioners, who have been bearing the brunt of inflation ever since January 1, 1967, should have been awarded an increase in their basic pension sufficient to compensate them adequately for the deterioration in purchasing power which has taken place since the last major change late in 1966. This would involve an adjustment, not of $2.88 but of nearly $15 a month in the basic pension. I have no hesitation in saying that the government I expect to lead shortly will do just that.

Some hon. Members: Hear, hear!

Mr. Stanfield: Let us examine the methods the minister has used in his budget to stimulate the economy. There is, of course, the reduction the minister proposes in the rate of corporate tax affecting firms in the manufacturing and processing industries effective January 1 next year. Then, there is the provision for fast write-offs affecting some firms who buy new equipment, effective immediately. This is another aspect of the new look. There is a sort of industrial strategy involved here. That is what the Secretary of State for External Affairs was trying to say this afternoon.

The Minister of Finance is proposing to reduce corporate taxes as they affect certain firms. Revenue loss, as a result, will be supplied by raising personal income tax and, to some extent, increasing the taxes levied on other corporations. Last October all corporate taxes were reduced for a period of 18 months. This will cease to be the case at the end of 1972.

Mr. Turner (Ottawa-Carleton): That was dealt with by parliament.

Mr. Stanfield: It is the 1972 year. I was merely pointing out that the reduction in taxes which the minister proposes in order to assist certain firms who engage in manufacturing and processing constitutes, in effect, a transfer which is bound to increase the load carried by individual taxpayers and other types of corporations. Personal income tax rates will go up 3 per cent on January 1. The minister did not call attention to this, but it is undeniable that they will go up.

Furthermore, the very fact that inflation is taking place at the rate of about 5 per cent per annum does, in itself, mean that the rate of taxation on personal income is increasing and will continue to increase, because inflation, applied to a progressive tax schedule, automatically means that if there is a 5 per cent increase in personal income the government will get much more than a 5 per cent increase in tax. So, while the minister is proposing this cut in taxation affecting certain kinds of corpora-

tions, let us bear in mind that taxes paid by other corporations will increase and, of course, taxes on personal income will increase. They will increase, first of all, because they are being put up expressly, and, second, because the process of inflation applied to the progressive income tax schedule automatically means that a person who does not get a nickel more in terms of real income in 1972 than in 1971 will be obliged to pay a great deal more to the government in proportion to that real income.

• (1610)

We have personal income taxes going up for two reasons. We have, as I say, a transfer of tax from certain types of corporations to personal income tax payers and, to some extent, to corporations. We have a new national policy which is a subsidy. I do not want the minister to get upset, as I am not criticizing his policy, I am just explaining what it is. It is a subsidy on the exports of those firms which can benefit from the minister's proposal, and a subsidy also toward the domestic sales of these firms which can comply. In other words, it does involve a form of protection. The Secretary of State for External Affairs (Mr. Sharp) can say he does not believe in tariffs or protection, but the minister is in fact applying a form of protection to companies which can qualify.

Mr. Turner (Ottawa-Carleton): That is a pretty far-fetched economic argument.

Mr. Hees: It is perfectly true.

Mr. Stanfield: I am just explaining what the situation is.

Mr. Hees: You don't understand your own budget.

Mr. Stanfield: What the minister is doing is providing a subsidy through tax transfers for these companies in respect of domestic sales and, to some extent, in respect of exports. This is a national policy to encourage manufacturing in this country in order to increase our share of the domestic market, and to increase opportunities in the export area. The minister should be prepared to call it what it is.

I am not describing this move in these terms for the purpose of criticizing what the minister is proposing to do. I am not criticizing it as such. I am attempting to show what is being done. I am not objecting to this sort of encouragement being given to manufacturing and processing concerns, because I believe it will help them to be more competitive in the world as it actually exists. I have been for some time emphasizing the importance of Canadian corporations being able to compete in the world as it is. I have said that, and I welcome what the minister has done, provided it is accompanied by some other measures.

What measures should accompany the help the minister is proposing for certain corporations in this country? The purpose he has in mind is to create jobs in manufacturing and processing industries. His measure would only do so where there is an additional market available at home or abroad to these firms. I must say I found the Secretary of State for External Affairs extraordinarily complacent this afternoon in view of the marketing problems and the questions of access to markets that a country such as Canada faces today. He talked about these problems, but exhibited an extraordinary degree of complacency about them.

The Minister of Finance assumes that the encouragement he has offered will enable Canadian manufacturing and processing industries to get a bigger share of either the foreign market or the domestic market, presumably by reducing prices. Presumably that is what the minister has in mind, that these firms will be able to reduce their prices and be more competitive. Some of these firms will be able to do so to an unpredictable extent. The minister has said it will be some years before we really know the results of what he has proposed. In other words, he is not putting something before this House which will result in any dramatic increase in employment. As he says himself, this is something that may take years to have any real effect. The firms that will get any help from what the minister is proposing are those firms that are now making money and earning income. A very substantial percentage of firms are losing money, frequently because of competitive marketing conditions and not through inefficiency, and I point out to the minister that this proposal offers no help at all to them. The minister cannot deny that.

Furthermore, and far more important, his proposal is virtually useless to new industry. His proposal is of very little ecouragement to anybody or any group wanting to start a new industry in this country because, generally speaking, a new industry does not have any net income for many years. I say in all earnestness to the minister that what he is proposing, even for manufacturing and processing industries, will be of very, very little encouragement to the commencement of new industries in this area in Canada. If we are going to really succeed in fighting unemployment and creating the employment we want in the manufacturing and processing industries in this country we have to start a lot of new industries, and I say to the minister that his proposal is of no consequence at all in that regard.

Mr. Sharp: That is a silly statement.

Mr. Stanfield: I beg your pardon.

Mr. Sharp: I say, that is surely not true.

Mr. Stanfield: The minister says that is not true.

Mr. Hees: How do you help a company that has no income to tax?

Mr. Stanfield: It is all very well for the Secretary of State for External Affairs to say that is a silly statement, but it is a statement he cannot challenge because it is absolutely correct. A reduction in corporation tax and a fast writeoff offers virtually no encouragement to people to commence new industries because they cannot get any benefit from those proposals for years to come.

Mr. Hees: That is absolutely correct.

Mr. Sharp: I repeat, that is a silly statement.

Mr. Stanfield: I am afraid the Secretary of State for External Affairs does not understand these things.

Mr. Sharp: Oh, I do, very well.

Mr. Hees: He used to have these troubles when he was Minister of Finance.

Mr. Sharp: I think you should get new research men.

Mr. Hees: It is obvious why we have a different Minister of Finance.

Mr. Stanfield: Mr. Speaker, these gentlemen ought to consult some people who know something about this. If they consult people who are interested in starting new businesses they will find that what I have said is absolutely correct. I will return to the subject, Mr. Speaker.

I am simply pointing out now that the proposal of the minister falls far short of being an effective tool to expand Canadian manufacturing and processing. I also point out that there is really nothing here to encourage Canadians to invest more of their money in their economy in order to play a bigger part in the ownership of that Canadian economy in the future. I also point out to the Minister of Finance that, in so far as he claims that reducing these taxes will make these corporations more profitable, this is just as attractive to foreign capital as it is to Canadian capital. There is nothing in the minister's proposal which encourages Canadians as such to acquire a bigger share of the economy in the future.

If the Minister of Finance refers to the dividend credit that is available in connection with personal income taxes, I agree that encourages Canadians to invest their money in shares and to establish dividend paying corporations. It provides little if any encouragement, however, to Canadians to invest their money in risk enterprises or in new enterprises which will not pay dividends for years. That kind of incentive was not given before, and it is not provided in the minister's budget.

• (1620)

I have already said I accept the principle of the proposal made by the government to screen takeovers. I want the Secretary of State for External Affairs to hear me on this because a minute ago he misquoted me. I repeat for the benefit of the Secretary of State for External Affairs, so that he will know my view on this subject and not misinterpret it, that I accept the principle of the proposal to screen takeovers as made by the government, but I also say that this will not in itself increase the Canadian role in our economy, and I do not think the government seriously suggests it will. It may prevent certain takeovers and enable Canada to obtain a better deal in respect of certain other takeovers, but it will not increase Canadian participation in our economy. That can be done by positive measures and there are no such positive measures in the budget.

Mr. Sharp: Such as?

Mr. Stanfield: The minister says "such as". I will come to that. In view of the time I am taking, the minister may have to wait for the second exciting instalment of my budget speech. The question of encouraging Canadians to participate in the economy is closely related to the failure of the minister to encourage the development of new manufacturing and processing enterprises in Canada. As I have said, I intend to return to this whole subject.

[Mr. Sharp.]

What are the other weaknesses in the budget proposals? The Minister of Finance says he has decided there is enough stimulus in the economy, after allowing for the increase in pensions which is the only increase on the demand side the minister proposes. The minister said there is enough disposable income available. He is concerned that if the disposable income were increased a lot of it would be spent on imports. The Secretary of State for External Affairs this afternoon spoke about leakage. I would hate to set myself up in competition with any member of this government when it comes to leakage. Of course, some of this money would be spent on imports. It always is. However, a very large proportion of it would also be spent in Canada. There is plenty of room for increasing output in Canada with the spare capacity and with 6 per cent of the labour force unemployed. Personal income taxes were not reduced. In fact, as I indicated, they are actually being increased in two ways. The actual increase of 3 per cent is taking place and there is the implicit increase which takes place through inflation as applied to our graduated scale of income tax. Yet, while the minister will not stimulate the economy in this way, he projects a rate of growth of the Canadian economy which involves the continuation of massive unemployment in this country for years to come, according to his own projections.

The other day I gave the minister the opportunity to dissasociate himself with the projections of the Economic Council of Canada concerning the real rate of growth required in Canada to bring unemployment down to around 4 per cent even over a period of two or three years. The minister did not disassociate himself from that forecast. Yet, his forecast of the rate of growth is substantially below the rate of growth the Economic Council of Canada says is necessary in order to bring unemployment down to even 4 per cent over two or three years. It is all very well for the Secretary of State for External Affairs to talk about the growth in the work force. Of course, we have a rapidly growing work force. The Economic Council of Canada pointed that out as far back as 1965. There is nothing new about this. That is the great reason the decision taken in 1969 by that minister and his colleagues to deliberately slow down the economy has involved us in tragedy. It is the reason we are having such difficulty now, and it is the reason it is such a crime to have this complacent government in a position of responsibility today. The Minister of Finance and his colleagues have accepted the continuance of high unemployment in this country for years to come, and that involves waste, the destruction of morale, a cost to the taxpayers and everything which goes with this situation. Why has he accepted it?

Why has the minister, in May 1972, adopted a less expansionist budget than his predecessor adopted in June a year ago or as recently as October last? Is he afraid of being charged with buying votes? The Secretary of State for External Affairs suggested he did not want to run the risk of being so charged. That did not prevent the increases in old age pensions, and of course it should not have.

Mr. Sharp: That is not buying votes, I hope.

Mr. Stanfield: Exactly. The government should not be open to that charge because everybody on this side of the House urged the minister to increase old age pensions. So far as reducing taxes are concerned, the minister was in exactly the same position. Everybody on this side of the House was urging this and suggesting it was desirable. No one over here could accuse the Minister of Finance of seeking votes by reducing personal income tax because we were all saying this was desirable.

Was it because of a fear of inflation that the minister did not reduce personal income tax. Is that the reason the Minister of Finance allowed the personal income tax to rise substantially in the course of the current fiscal year? Was it because of a fear of inflation? It is my conviction that an increase in employment is our number one social priority. Unemployment must be reduced. I say that even if in our effort to cut it down in a humane manner inflation should escalate, then we will deal with it even if we must impose temporary controls. Let us deal with unemployment in a humane way. The government and the minister continue to run the economy below its potential as an anti-inflationary measure to curb inflation. The Prime Minister (Mr. Trudeau) has said he would not hesitate to do again what he did in 1969 and 1970 to fight inflation by slowing down the economy and creating massive unemployment. One can see this attitude reflected in the budget the minister presented. This government still expects the pensioners and the unemployed to be the sacrificial goats in its efforts to control inflation. I won't buy it.

I say that a rate of unemployment of 6 per cent or 5 per cent is inhumane, is uncivilized and is unCanadian. So, I totally reject the minister's approach of maintaining high unemployment as a method of containing inflation. I think it is pretty silly anyway to talk about the risk of overheating an economy which has an idle plant and a seasonally adjusted rate of unemployment of 6 per cent. We are a long distance from having an overheated economy.

• (1630)

What reason is there to believe that the government's reluctance to reduce personal income taxes—in fact, the government's actual increase in personal income taxes—will reduce the inflationary forces which work in this country today? I do not think that the people of this country are fools. They know when they are paying more taxes, and they know that they will be paying more personal taxes under the minister's budget. Will this encourage restraint in wage and salary demands in this country? Will the minister's budget seem equitable and fair to the ordinary Canadian? A reduction in personal income taxes was needed to prevent the tax on real incomes from rising, in other words a reduction in rates was required to prevent income taxes from rising in the circumstances. But a reduction in personal income taxes in association with the corporate tax cuts would, in my judgment, encourage restraint. The national policy of the minister to cut the taxes of corporations associated with something that would seem fair to the individual taxpayer would, in my judgment, have encouraged restraint and not have fed the fires of inflation.

I suggest that the minister is asking too much of the ordinary Canadian. At least he should not have added to his personal income taxes, at least he should have given him some consideration and provided some real stimulation to the Canadian economy at the same time.

Some hon. Members: Hear, hear!

Mr. Stanfield: If we are to have restraint, we have to have fairness. I am concerned about several aspects of inflation. Unemployment being created and endured in the name of inflation is one aspect that concerns me, and like everybody else in the House I am concerned about the burden that inflation imposes on Canadians with fixed incomes. I am particularly concerned that the government of Canada has a vested interest in inflation. The reason for that is very simple. The graduated structure of tax rates under which we operate means that every jump in money income puts progressively more money in the coffers of this government through personal income taxes. It means, for example, that a rate of inflation of 5 per cent in a year increases government revenues by amounts considerably in excess of 5 per cent. It means that a taxpayer whose income simply keeps abreast of rising prices, without improving his position at all in terms of real income, is paying more money to the government of Canada under existing circumstances, and it means that without having taken any initiative of its own the government of Canada is increasing its revenues at the expense of the taxpayer. As the individual citizen gets poor, this government grows rich.

I am aware of the fact that the Carter Commission rejected any efforts to tax only the real increase in personal income. But the position taken by the Carter Commission was taken in the context of a rate of inflation substantially less than 2 per cent a year during the previous five years. I say that today we operate in a context which is totally different, one where annual rates of inflation are 4 per cent or 5 per cent, involving and requiring different measures than in the days of the Carter Commission and the modest inflation which existed then.

I say that if the government of Canada is sincere about fighting inflation, if it is sincere about justice, if it is sincere about honesty and fair dealing with the people it is serving, there is only one thing it can do, and that is get rid of its own vested interest in inflation which it can do in one, simple effective way. What I propose and what a government that I lead will do, is henceforth to calculate personal net income for federal tax purposes in constant dollars.

Some hon. Members: Hear, hear!

Mr. Stanfield: The appropriate base year for this calculation would be the year 1971, the year of the so-called tax reform, the year in which the government put through the House a rate schedule which it said was fair and equitable. The constant dollar calculation would be achieved by employing a consumer price index factor made available by Canada Statistics and shown on the income tax forms for the year.

Mr. Turner (Ottawa-Carleton): Would you also control your expenditures in constant dollars?

Mr. Stanfield: I will come to that in a minute. That is another advantage in what I am proposing. It would be a simple calculation for the taxpayer, and there is no difficult administrative problem for the Department of National Revenue. If the cost of living in any year has increased by 10 per cent above 1971, then the income for tax purposes would be reduced by that percentage. That involves a very simple calculation. This would produce tax payable in 1971 dollars. Another very simple calculation would convert that figure back into the current dollars of the year to indicate the amount of tax available in the dollars of the year in question.

As of the inception of the so-called tax reform, schedules of personal income tax rates and exemptions were fixed for an indefinite period in the future. Under my proposal, these ongoing schedules would relate to ongoing real income rather than to inflated cash income. Thus, the federal tax payable would be free from any inflationary component so far as personal income tax is concerned. This would be just for the taxpayer, and it would force any government to come out into the open. If the government needed a bigger share of personal income to finance its operations, it would have to come before parliament and seek an increase in rates rather than relying, as it now does, on inflation to do its dirty work for it. The government can no longer count on inflation through graduated income tax rates to provide it automatically with a bigger and bigger share of the real income of taxpayers and a bigger and bigger share of the gross national product.

This proposal would be fair to the taxpayer. If his real income rises through the years, he will pay more income tax in real terms, but if he does no more than keep pace with the rise in the cost of living, he would not be penalized; he would pay the same rate as before. It is a simple proposal to calculate income taxes in any year by computing personal income in that year in 1971 dollars. It is a simple proposal but, as the minister realizes, one with tremendous implications. First of all, it would protect citizens from tax increases imposed upon them by inflation rather than imposed upon them as a result of an increase in their real income.

Mr. Sharp: It doesn't. It just changes the tax rates.

An hon. Member: You don't understand it.

Mr. Stanfield: May I remind the Secretary of State for External Affairs that centuries ago parliament fought the king for the right to control taxation. It achieved that control. But in recent years, that control has been very largely eroded through the ability of the government to increase tax rates in fact without changing the schedules, as a result of inflation. The steady inflation we have had for years has emasculated parliamentary control over taxation. My proposal would restore the fundamental principle of parliamentary control over the rate of taxation.

• (1640)

Some hon. Members: Hear, hear!

Mr. Stanfield: Second, this principle would give parliament greater control over government spending and government waste. The government could no longer count upon inflation to ensure that a given tax structure would, in each year, place in its hands a greater percentage of the gross national product. The government would be under heavy pressure to economize. It would be collecting personal income taxes in terms of 1971 dollars but it would be paying its bills in terms of current dollars. Everybody concerned about government waste, everybody concerned about the government taking more of the GNP without anybody's permission, should enthusiastically support the kind of proposal I am putting forward. Clearly, this proposal would not only remove the vested interests of the government in inflation but would give the government a positive motivation to fight inflation.

As the leader of a government, I would implement the proposal fully, given the chance, as of January 1, 1973. The cost of living de-escalator would be applied to 1973 for a tax de-escalation in a proportion to be determined by Statistics Canada, on the basis of comparison between the cost of living for the 12 months terminating September 30, 1972, and the 12 months terminating September 30, 1971. For convenience of calculation, we would go to the nearest percentage point. Clearly, there would have to be discussions with the provinces. There is no doubt about that. There would have to be discussion in connection with their own problems associated with maintaining a single joint tax return. I think this would probably involve the negotiating of new tax agreements with the provinces rather than the standpat agreement of which the minister is so proud, and while we were negotiating these with the provinces we would make a real effort to get sensible integration between the capital gains tax and the succession duties of the provinces.

For the balance of 1972, we would adopt an interim arrangement. We propose to assume the cost of living in 1972 to be about 5 per cent higher than in 1971. There has already been a tax reduction of 3 per cent which came into effect as of last October. That means there is still 2 per cent to be taken care of now. I repeat we are assuming a 5 per cent increase in the cost of living, and there has been a tax reduction of 3 per cent. This would involve a cut of 4 per cent in tax rates for the last six months of 1972 which, I think, would involve about $160 million. This would mean that it would be an interim arrangement to be in effect this year. This would be fair to the taxpayers. It would encourage a feeling of fairness and, therefore, restraint in Canadian society. It would stimulate the Canadian economy, and thereby tend to cut down unemployment, rather than accept the massive degree of unemployment that the government is accepting. We are concerned about unemployment. We are concerned about inflation. We are concerned about the ever-growing percentage of the gross national product that the government is acquiring without any authorization. We are concerned about restoring parliamentary control over government taxation and government spending. We are concerned about government waste.

This afternoon, Mr. Speaker, I have outlined, and I am afraid at rather great length, some specific, concrete and, I believe, effective measures for implementing this concern, for fighting unemployment, for removing the government's vested interest in inflation, for controlling the government's percentage of the GNP, for increasing par-

liamentary control over taxation and spending, as well as for putting real pressure on the government to eliminate waste. I will seize an early opportunity to satisfy the curiosity of the Secretary of State for External Affairs about some of these matters, about how we are going to encourage more Canadian investment in the Canadian economy. I will do this probably later in this debate, although we do not know how long this debate will be allowed to continue. I will do it probably after the vote on the amendment put forward by hon. member for Edmonton West (Mr. Lambert).

I will outline further measures that should be adopted to create more employment through creation of new Canadian enterprises, through creation of pools of venture capital, and measures to enable Canadians to increase their control of the Canadian economy. As I say, Mr. Speaker, the ministers opposite will have to wait for the next exciting installment in order to learn this. I have said enough today to indicate how unresponsive the government is to the needs of the country at the present time. I have outlined some of the important measures which would be responsive to those needs, measures which a Progressive Conservative government would implement. I, therefore, ask all hon. members to support the amendment of the hon. member for Edmonton West.

Some hon. Members: Hear, hear!

Mr. Deputy Speaker: Is the Minister of Finance rising to ask a question?

Mr. Turner (Ottawa-Carleton): If the hon. gentleman would accept one.

Mr. Stanfield: Oh, sure.

Mr. Turner (Ottawa-Carleton): I want to try to understand his proposition. What he is suggesting is that tax revenues be calculated in constant dollars—

Mr. Stanfield: Personal income tax.

Mr. Turner (Ottawa-Carleton): —for income tax purposes.

Mr. Stanfield: Personal.

Mr. Turner (Ottawa-Carleton): Since expenditures would remain on actual dollars and would tend to outrun the revenues from personal tax limited to constant dollars would he not, to make up the difference, have to raise the rates and really end up with the same result except he achieves, as he puts it, some kind of parliamentary control? He is not suggesting to the Canadian people that he would maintain their tax rates on constant dollars. He would have to raise the rates to compensate for keeping personal tax revenues on constant dollars.

Mr. Stanfield: To the extent that the increase in the gross national product and the additional revenue that that would generate for a government was inadequate to support government programs, as the leader of the government I would have to come before parliament and seek additional authority—

Mr. Turner (Ottawa-Carleton): To increase the rates.

Mr. Stanfield: But I would have to seek that from parliament.

Mr. Turner (Ottawa-Carleton): And raise the rates.

Mr. Stanfield: Yes, I would have to raise the rates if I could justify the raising of the rates.

Mr. Turner (Ottawa-Carleton): That is all I wanted to know.

Mr. Crouse: Just listen a little and you will learn.

Mr. Deputy Speaker: Order, please. The Leader of the Opposition had the floor.

Mr. Stanfield: The whole point is that under my proposal a government has to justify the taxes it is collecting.

Some hon. Members: Hear, hear!

Mr. Stanfield: Under the technique and the devices that this government has been using in recent years the people's taxes have been increased without any authorization, and they are increased every year without any authorization. It is time that sort of thing stopped.

Some hon. Members: Hear, hear!

Mr. Hees: Any more questions, John?

• (1650)

Mr. H. E. Stafford (Elgin): Mr. Speaker, the Minister of Finance (Mr. Turner) must be congratulated on the many positive features of the budget. The increases in the old age pension and the guaranteed income supplement are steps toward social justice for our older citizens. The university students will welcome the budget provisions which will aid their quest for higher education. Our manufacturing industry, which is so vital to the employment picture, will be in a position to preserve and expand job opportunities.

However, I do not wish to speak today primarily on the positive aspects of the budget. These progressive and timely moves by the minister speak for themselves, despite the negative carpings of members opposite. My disappointment arises from the fact that the direct interests of a large segment of this nation were not included in the budget, the interest of the agricultural industry in the eastern part of Canada. We have in eastern Canada an agricultural industry whose people work hard and who in many fields, desperately need our help. I wish to point out, first of all, that many of the steps which this government has taken in recent years to assist agriculture have been excellent and in the right direction. The Lift program that encouraged farmers to discontinue wheat production and switch to other grains has been proven to be good. The $100 million pumped into the western economy in the form of acreage payments has had the effect of uplifting the whole western economy. These were all very good, but they were strictly for the west.

Then, we get to the moves of this government which have had and will have beneficial effects on a wider area of the Canadian agricultural economy. The payment of $5 per hog for the first 200 hogs per year produced by a

producer will result in a maximum of $1,000 per hog producer which will be pumped back into the economy to help offset his losses for the past year. I know the farmers will welcome this action. They will also welcome the decision of this government to introduce a two price system for wheat which will mean a maximum payment of $500 to every wheat producer in Ontario who sold at least 500 bushels of wheat on the domestic market.

I cannot avoid at this time expressing my pleasure that the tobacco companies have made a working arrangement with the tobacco growers for the coming crop year. It is not enough, but it is a belated step in the right direction. The future of the tobacco industry, and especially its export division, looks better than it has for many years.

By and large, however, the producers of many agricultural products in Ontario are taken for granted. Agriculture in Ontario, even at the present price levels, contributes over $1 billion to the Canadian economy. Eighty per cent of this production is within western Ontario, within 100 miles of the riding which I represent. It is the most productive and specialized region in Canada. It is rich in terms of productivity and fertility. It is rich in human resources. It is steeped in tradition and proud of its ethnic cultures and background. When we think of western Ontario as a great manufacturing and processing area, we are right. It is also a great agricultural area. One-third of the agricultural produce of this country comes from Ontario. Yet in the past fiscal year, Ontario agricultural producers suffered a net income loss of over $75 million. Our corn producers are now producing corn at a loss.

Let us examine the facts with respect to corn. We tend to think of wheat as the king of grains. It is not; corn is. It contains more protein and other nutrients than any other grain. More people eat corn than any other grain in the world. Corn has a wider market than any other grain in the world. Corn is, indeed, among the foods which have the most life-giving substances. In 1971, the U.S. produced over 5½ billion bushels of corn. U.S. Corn is shipped all over the world, including Canada. The U.S. imposes a tariff of 25 cents per bushel on all corn entering the U.S. By contrast, our tariff on corn is eight cents per bushel.

The U.S. Agricultural Act of 1970 set up a commodity support program for those commodities, including corn, which are considered basic to the cost of living, the stabilization of prices and incomes and the welfare of the nation. The support or national loan level on corn is $1.03 per bushel, on top of which all participating growers are paid a direct subsidy of 32 cents per bushel on their corn base, less 25 per cent, by the commodity credit corporation. In the result, when our corn growers compete with U.S. corn producers they are competing with the U.S. Treasury with its support subsidy of 32 cents per bushel.

Canada is not among the great corn producing nations of the world. But in the past ten years Ontario and parts of Quebec have increased their annual production from 50 million bushels to 100 million bushels. This increase was achieved on the advice of the best provincial and federal economists and agricultural specialists who told the corn producers to produce more corn. They were told that corn was the crop to grow, that it would give them a better return than any other crop they could grow. Now, the corn producer finds himself in dire straits. The cost of production has risen and the price of corn has decreased. The net result is that the corn farmer is producing a commodity below cost and this cannot continue. The economic return is so poor that many farmers are going bankrupt. Every time a farmer is removed from the bottom, the farmer on the top is moved a notch closer to the bottom.

The accelerated depreciation allowing complete write-off in four years of the cost of storage facilities on the farm and of drying equipment to the value of $15,000 is great for the farmer who is making money. It cannot benefit the farmer who is not making a profit. Until there is reason to be optimistic about the corn industry, the farmer will not invest in storage or drying facilities. The farmer, like any other businessman, does not invest in the face of pessimistic forecasts. The price of corn in Chicago affects the price of all feed grains in Canada. Corn prices in Ontario are based on the availability of U.S. corn or western feed barley. The feed freight assistance subsidy holds down the price of corn to some extent. Corn can take the place of barley any time. There would be a market for all the corn grown in Ontario if it were not for the importation of western feed grain and U.S. corn.

We lost the sugar beet industry in southwestern Ontario by the default of the company who owned the last two plants at Wallaceburg and Chatham. Both the Ontario and federal governments allowed this industry to die in 1966 and 1967. At one time, there were five sugar refineries in this great agricultural production area. Now, there is none. Government economists told the farmers they could quit growing sugar beets and make more money growing corn. At that time they could, as corn was selling for over $1.50 per bushel. Now, with the increased cost of production, corn is selling for approximately $1.12 per bushel. We must re-establish the sugar beet industry. Sugar beets can be grown in southwestern Ontario with a sugar content of 16 per cent and yields of 20 tons of beets per acre. One ton of beets yields 290 pounds of sugar, If a farmer receives $15 per ton for his beets, his gross cash yield would be $300 per acre. A sugar beet policy is long overdue. The sugar beet industry could be developed to take 40,000 acres of land out of corn production. If we had a sugar policy for Canada, that would guarantee that at least 20 per cent of the sugar consumed in Canada would be produced in this country. It would re-establish this industry on an economical and long term basis for both the producer and the manufacturer, and it would have a stabilizing effect on other segments of the agricultural industry.

We have lost, over a period of years, a substantial amount of our tomato processing industry by allowing import brokers easy access to our market. We are also going to lose on frozen food exports such as peas, sweet corn and french fried potatoes to England and Europe, because of the expanded European Common Market. We must take action to protect these products, and this does not mean the reduction of tariffs on foodstuffs produced in low wage countries.

• (1700)

At the present time, we import 15.6 million bushels of soybeans and grow only 9.4 million bushels per year.

There is no tariff on soybeans coming into Canada, but the tariff is 60 cents per bushel going into the United States. The Canadian tariff should be equalized to the U.S. tariff. This would put more dollars in the pockets of the soybean farmers and induce the Ontario farmer to grow more soybeans.

Canadian farmers should establish a national oil seed marketing agency that would include rapeseed, sunflower seed and soybeans. Such a marketing agency could develop export markets for these oils and their by-products which would create a greater market for Ontario soybeans, the quality of which is recognized as among the highest in the world. An example of this is the limited production in Ontario this year of the Harwood variety of soybean for a specialized Japanese market. A soybean crushing mill should be built in southwestern Ontario, with access to railroads to develop the soybean industry. At the present time there are only three bean crushing mills in Ontario, two in Toronto and one in Hamilton. Such a crushing mill would create competition among the processors who would, in turn, look for more markets.

Farm machinery should be included in the fast tax write-off items announced in the budget for production equipment; or, at least a system of investment credit should be set up which would allow the farmer to deduct a percentage of the purchase price of new equipment from his net income tax, in addition to depreciation. This would help the farmer modernize his operation and develop a more efficient level of production.

The recent amendments to the Farm Credit Corporation Act, including the raising of the maximum loan to $100,000, will be a great help to the farmer. The Farm Credit Corporation should also set up a system of rental purchase agreements that would allow a young, qualified person to enter the farming industry, with the accumulated rent over a period of ten years being applied as a down payment on a viable farm. This would enable a young farmer to purchase a farm without a down payment, or make it possible for him to own a farm without seeking financial assistance from a feed company, which ties the young farmer into the present trend towards vertical integration.

Returning to the corn industry, my study of the industry leads me to suggest a number of specific moves on which there should be early action by the government. First, a two-price system could be established for corn. In fact, such a two-price system could apply to all farm products. Second, corn could be included in the Canadian Wheat Board Act, whereby the Wheat Board would have to issue a permit before corn could be imported. The same could apply to soybeans. Third, corn could be put under the jurisdiction of the National Farm Products Marketing Council. A provincial corn marketing agency would have to be established to do this. Grades of corn suitable for feed, distilling, starch and cereal could be established, and the agency could negotiate with the processors to establish prices for each grade. The agency could purchase the surplus corn on the market at harvest time. The surplus corn could be pooled and offered to eastern feed dealers with a continuity of market and guaranteed supply. The agency could seek out markets and arrange export sales.

Fourth, terminal storage elevators could be constructed. These should be located in a number of the main corn growing areas. They should be located where there is ready access to water, rail and highway transportation. They should be located so as to encourage processors and manufacturers to locate in or near the high production and storage areas, with the result that much of the crop would be consumed at the point of production, with low handling and transportation costs. Such storage facilities should be located with a view to export trade, taking advantage of the St. Lawrence Seaway and its shipping facilities which provide access to the whole world at low cost. These are only the major location criteria; there are others. Such points as Port Stanley and Port Burwell are natural locations for such facilities.

The necessity for availability of water transportation is proved by the fact that freight rates from Chatham, for example, to Montreal are 22 cents to 23 cents per bushel, whereas water rates are 6 cents to 7 cents per bushel. The need for storage facilities is emphasized by the fact that in recent years the price of corn to the producer at harvest time has been reduced by as much as 25 cents per bushel. Most important, the storage facilities must be built for the benefit of the Canadian corn producer in that tremendous production area of southwestern Ontario. The storage facilities should be built for the producers in that area and controlled by either the producers or the government.

Fifth, the duty on U.S. corn could be increased from 8 cents to 25 cents per bushel, to equalize the U.S. duty on Canadian corn, and sixth, Canadian corn could be subsidized on a similar basis as corn in the United States, by taking into consideration the cost of production plus a reasonable profit.

My emphasis today has been mainly on corn, simply because the problems of the corn grower are more urgent and immediate. This does not in any way lessen the necessity for similar action in relation to the other commodities I have discussed and, in fact, the whole farming industry. The potential of the great agricultural area in southwestern Ontario is almost boundless. The doubling of corn production in the past ten years can easily be repeated in the next ten years. Yields are expected to increase in the early years ahead in the United States, from 86 bushels per acre to 200 bushels per acre. Similar results can be attained here. Our quality is second to none. We should be known throughout the world in the years ahead as a great corn producing country. Today, foreign buyers do not even know we have corn for sale. Agricultural exports benefit the Canadian economy. They do as much, if not more, than any other export to reduce our balance of payments and help balance our economy. The government should devise a system of supports to encourage exports.

We must subdue the economic winds that are blowing the family farmer off the farm. As the September 12, 1969 issue of *Time* magazine put it:

> By a process of natural attrition Canada's 400,000 farms are already declining by 10,000 a year; 40 per cent of farmers are over 55 years old, and increasingly their sons are leaving the farm for city jobs.

The farmer is entitled to the cost of production plus a reasonable profit. He is entitled to his fair share of the retail prices.

The inroads of the conglomerate are only beginning to be felt in Canadian agriculture today. We must not allow a situation to develop in Canada as it did in California where, by 1969, 3.6 per cent of the farmers owned 70 per cent of the agricultural land. It is not in the national interest to allow thousands of farmers to be driven out of business and have market control gathered into the lap of conglomerate power. We continually talk about public interest and social efficiency in the interest of the community as a whole. Surely, there can be no greater public interest than our interest in food supplies.

• (1710)

Mr. W. B. Nesbitt (Oxford): Mr. Speaker, when I first looked at the budget presented by the Minister of Finance (Mr. Turner) the other evening, I was reminded of my days in high school many years ago. There were various books I had to study. Most were a disagreeable green, drab grey or brown colour, but the algebra book was a bright, shiny red. It was usually designed in a way that would conceal the disagreeable contents. It was a bit of a delusion. I could not help but compare the minister's budget with that algebra book. On the face of it, one noticed the very substantial increase in the supplementary payments under the Old Age Security plan. With that, everyone in this House agrees and congratulates the minister on having the good judgment and good sense to accept not only the advice of opposition parties in this House in the past few years, but the various senior citizens groups across the country. However, after that, we begin to see the real contents of the budget.

Let us look at the Old Age Security escalator clause. It will be retroactive to the first of the year. That is fine. However, as I pointed out in this House earlier today, that amounts to $2.88 a month. A few years ago in this House, a previous Minister of Finance, who is no longer with us but retired shall we say, increased the old age pension. He was referred to as "Two buck Harris". This $2.88 a month increase amounts to approximately 10 cents a day, not even enough for a cup of coffee. Last weekend, one of my constituents referred to the Minister of Finance as "Ten cent Turner". This may not be polite, but at least it is accurate.

As has been pointed out by nearly every speaker, other than those on the government side, while the minister stated that the personal income tax as such was not being touched, there was a sort of error of omission. In fact, the personal income tax will be increased by 3 per cent at the end of this year. I think the budget was very deceptive in this regard. I have heard a number of people refer to it as the "Tricky Turner Treatment".

The next item in the budget is the estimated $500 million tax advantages and incentives to industry. To some degree, this is very good. However, the minister missed one point. He did not state whether any of this would be passed on to the taxpayers. That remains to be seen. I suspect it will not be passed on. The minister stated he has great trust and faith in business to use these incentives to purchase new machinery and pass on the benefits.

[Mr. Stafford.]

I have here a letter which was given to me by one of my colleagues. It is a circular letter dated May 8, 1972 from AOCO Limited of Belleville, Ontario, which apparently has a virtual monopoly in the field of spectacle lenses, rims and other things associated with eyeglasses. The letter reads:

> TO OUR GOOD CUSTOMERS: Enclosed you will find our new Rx and Stock Price Lists which supersedes all previous lists and becomes effective May 15th, 1972.
>
> Labour and material costs have increased rapidly over the past twelve months and, in order to maintain the high quality of our products, our price list reflects these increases.
>
> We would like to take this opportunity to thank you for your valued business in the past and we trust we may continue to service your requirements.

There is a footnote which reads:

> Regarding the above, you may expect a notice regarding price change on or about May 15th, 1972,—

In the past few weeks and months, a great many people have been guessing about the election date. No one has come up with a very good answer. Apparently this company was very good at guessing not only the budget date, but the contents of the budget because the price increases were to become effective the very day the budget was presented. I am sure it was a coincidence, but there it is. If this is any example of how some of the major business firms in this country are going to behave, I hope the minister will ensure that these tax benefits will not be granted until such time as there is an indication that business is going to use them in the way which the minister indicated. I agree that many businesses in this country have high business standards and will carry out the minister's ideas, but there are a great many in every industry and profession who are not so highly motivated and need watching. I hope the minister will take appropriate steps in this regard.

The main subject I want to deal with today is something which the minister has omitted. Other of my colleagues have dealt with or will be dealing with other aspects of the budget. In addition to omitting any reference to personal income tax, either reductions or increases, the minister omitted any reference to foreign investment. Shortly before the minister presented his budget, one of his colleagues presented the so-called government policy on foreign investment. I will not go into the details of that because everyone in this House and most Canadians are aware of how great an announcement that was and how much it did or did not do. Just after the foreign investment announcement was made, I remarked to one member on the government side that there was not much in that. He said "Just wait until the budget, then you will see something. There is really going to be something in the budget." That was not a very good guess because there was not anything in the budget concerning foreign investment or any allusion to it.

Whether one likes it or not, this question of foreign ownership, foreign control and foreign investment in Canada is a big issue. I agree that many Canadians are concerned about it for the wrong reasons, but the fact is people are concerned. There are some very good reasons to be concerned about the question of not only foreign investment, but the type and degree of foreign investment in Canada. Likewise, there are great differences of opin-

ion in different parts of Canada. I recently had the opportunity of discussing this matter at meetings in various parts of Canada. The people in western Canada, the Atlantic provinces and, I understand from my colleagues, in Quebec as well say that they want to use foreign capital. They do not wish Ontario, Toronto in particular, to be the only place which gets the advantage of foreign capital. They feel they might possibly be discriminated against. I think that is an unwarranted view of how people in Ontario do things, but it is the view of people in certain parts of Canada.

• (1720)

I would agree that if the government took the position: you cannot do this, you cannot do that, or we shall restrict the flow of foreign capital, it would be unwise and, besides, it would not meet the wishes of, very likely, a large majority of Canadians. In addition, it might prove extremely damaging to the economy. But I believe the government ought to be taking a positive rather than a negative attitude. It should be encouraging Canadians to do something about owning their industries—gradually taking them over. I realize it will cost a great deal of money to buy Canada back and that it would not be feasible to do it all at once. But it can be done by degrees. The obvious tactic is the provision of tax incentives to encourage Canadians to purchase Canadian securities. At the outset, I believe any such incentive should be limited to the purchase of common stocks, sometimes referred to as equity stocks. These are the securities which in most cases symbolize ownership and control growth. Bonds and preferred stocks, the senior securities, may at some time in the future be important, but I believe a start should be made at encouraging Canadians to invest in common stocks.

It is clear that at the present time when Canadians have an opportunity to invest money, they do not always invest it in Canada. Our securities are competitive with other securities. I believe that on a per capita basis every Canadian invests two or three times as much in United States common stock as every American invests in Canadian common stock. We hear so much about United States investment in Canada but the fact is that Canadians, on a per capita basis, invest two or three times as much in United States stocks as Americans do in ours. It is sometimes said that Canadians do not like taking risks, that they want to be sure of their investments. I do not think this is so. From my own experience I would say that Canadians are quite prepared to take risks, provided they get some return for doing so.

It is difficult to produce accurate statistical information especially when one is, as it were, comparing apples with oranges—things which are not really comparable, except perhaps in size. But I have figures here from the Toronto Stock Exchange which indicate that a group of blue chip—or very safe,—common stocks in the year 1971 yielded an average of about 3.2 per cent return on the investment. I also have some figures from the United States for the same year, taken from Moodie's Stock Survey. They do not give us the average across the board, but the average for railroad stocks was 4.4 per cent, for utilities, 5.7 per cent, for bank stocks 4.14 per cent and for insurance companies 3.25 per cent. These figures merely indicate a trend. It is clear that the rate of return on common stocks, or at least, on many common stocks of the blue chip variety in the United States are higher than on comparable Canadian common stocks.

The same applies to rate of growth. There are always exceptions—statistics can be very misleading,—but the fact is that the rate of growth of most common stocks in the United States is faster than that which is reflected by comparable Canadian securities. Though people should, I suppose, be motivated at all times by patriotic motives, such is not always the case. At present there is actually a disincentive confronting all Canadians who contemplate an investment in Canadian common stocks. I believe the government should do something about this. The obvious means of doing so is, of course, through the Income Tax Act. It has been suggested that if a Canadian invests his money in Canadian securities—common stocks, again—his dividends might be taxed at a lower rate. Or, considering it from the point of view of growth, there might be an alteration in the rate of the capital gains tax as applied to a person who, shall we say, has held securities for two years or more. Any such increase in the value of Canadian securities might be taxed at the lower rate than that applicable to United States or other non-Canadian stocks. This arrangement, it has been suggested, would be difficult to administer. But difficulties of administration are not so relevant in this computer age, and, in any case, what I am suggesting would be infinitely easier than what the government is attempting to do in connection with its new family allowances program.

Hon. members may conclude that the proposals I am putting forward imply some kind of anti-Americanism. No way. We are not trying to be anti-American. We are trying to be pro-Canadian; we are trying to encourage Canadians to purchase ownership and control in Canadian industries by making it demonstrably to their advantage to do so. Someone has suggested that greater encouragement should be given to employees to purchase common stock in the companies for which they work.

This is a good idea in some cases. It has been very successful, I understand, in the case of the Eastman Kodak Company, and it has worked well in certain Canadian companies, too. But this kind of operation is more successful in the case of companies whose employees tend to make a lifetime career of their jobs; it might not be so successful in companies where there is a quick turnover in labour—where employees have little personal interest in the future of the concern for which they work.

• (1730)

In cases where people tend to stay in industry with hopes of advancing, encouragement should be given to them to participate in ownership. This is a sort of offshoot of my main argument. Something should be done to encourage Canadians to participate in industrial ownership. The minister has apparently more money at his disposal than was anticipated. There have been some tax cuts, to the extent of $500 million, and approximately $380 million will be given to old age pensioners. It would seem to me that something should have been done to encourage Canadian support in growth securities.

Another method that might be explored by the government is the granting of certain deductions, perhaps $500 to start with, from taxable income for Canadians who invest in Canadian industry. Perhaps all these things cannot be brought forward at once, but something along these lines should be done by the government. The next generation will soon be running this country. Our young people are enthusiastic about Canadians owning and controlling our industries. We must start paying attention to their views. I have attempted to briefly outline the methods that should be used to encourage Canadian ownership. I hope that before the budget bills appear, if they ever do, the minister and his colleagues will consider my suggestions.

[*Translation*]

Mr. Fernand-E. Leblanc (Laurier): Mr. Speaker, I take pleasure in congratulating the hon. Minister of Finance (Mr. Turner) on his realistic, rational, humanitarian, positive, responsible and optimistic budget which, for a start, is in my view a complete success.

Mr. Speaker, it is difficult for a member of the House who for many years has been in continual contact with businessmen to refrain from taking part in this debate on a budget which stresses the responsibilities of private enterprise and resisting that temptation is made even more difficult because in the exercise of my profession of chartered accountant I have often had the opportunity of advising businessmen on the management of their firms.

My experience in this field makes it clear to me, without the slightest doubt, that the Minister of Finance is right to state that the atmosphere of confidence between the federal government and the private sector must be enhanced. The minister is showing his confidence in them and I am sure businessmen will respond positively to his budget, giving the lie to some opposition members who claimed that businessmen would boost their profits, instead of using the fiscal incentives provided by the 1972 budget to increase their productivity in order to create more employment opportunities.

In my opinion, voicing our trust in the business sector of this country indicates that this government has reached the needed maturity to preside over the destiny of our beautiful country for many more years.

Businessmen have often criticized governments and rightly so, Mr. Speaker, saying there was a lack of consultation. If we look at this government's record since it came to power in 1968, we have to say that it has had the businessmen's co-operation which it sought through its white papers, more particularly the one dealing with tax reform, which has been considered in depth in the Standing Committee on Finance, Trade and Economic Affairs and which was used as a base for Bill C-259, a piece of legislation proposing the tax reform that the people has been waiting for.

A while ago, I was listening to the Leader of the Opposition (Mr. Stanfield) who first seemed to offer a magic formula. I should like to comment on that formula. First of all, as chairman of the Committee on Miscellaneous Estimates, I had an opportunity to hear Mr. Young, the chairman of the Prices and Incomes Commission, who, as a witness, discussed with the committee ways to control inflation without checking economic recovery. He said something astonishing: All western industrialized countries are now seeking such a formula and world famous economists are constantly trying to find a way to reconcile economic recovery and inflation. He told us that should anyone ever find that formula, he would certainly deserve the Nobel prize.

I do not know whether the formula proposed originates with the Leader of the Opposition or one of his research assistants—nor whether that formula can really earn its designer the Nobel prize—however, I wanted to pass on to the House that remark from the chairman of the Prices and Incomes Commission, who himself is still looking for that formula along with all the economists of the whole world.

In reply to a question put by the Minister of Finance the Leader of the Opposition, after explaining his formula, which appeared almost miraculous, answered: Yes, the taxation rate should be increased, the individual people should be taxed.

Therefore, I wonder how he can now reconcile his amendment, wherein he blames us for not reducing personal income tax, with a formula which would increase the personal income tax rate.

Of course, if I wanted to be smart, I could say that such a formula might lead to the death of the Progessive Conservative party and that the Leader of the Opposition would prove a good funeral director, but I shall not say so.

As so many other hon. members, I have had the pleasure of sending a questionnaire to approximately 28,000 homes in my riding. Among others, this question was asked: What, to your mind, are the three most urgent tasks to which the federal government should address itself?

• (1740)

According to the answers I received, in large numbers, it seems that in my riding the priorities are as follows: first, providing incentives to solve the unemployment problem; second, revising the old age pension policy; and third, re-examining our agreements with the Quebec government with regard to the housing issue.

In my riding, at least, unemployment and not tax reductions comes first. If my figures are accurate, cuts in personal income tax came tenth, I believe, among the priorities, because jobs is what the people want and I feel the budget is meeting exactly their demand.

My constituents are also aware of the consequences of our tax reform, which I was referring to a few minutes ago, and under which almost one million Canadians will not pay any income tax any more, and about five million have had their income tax reduced. Therefore, they know that the federal government has already recognized their need for a tax cut.

Of course, some have accused us of having introduced a political budget. If we had wanted to introduce a strictly political budget and become more popular, we would have lowered personal and corporate income tax. We would not have been selective, and instead of making the new reductions effective from and retroactive to January

1, 1973 only, we would have made them applicable effective the day following the budget speech for 1972.

But such was not the position taken by the Minister of Finance. He has preferred to introduce a sound, realistic and rational budget. Four major objectives were to be reached as follows: strengthening the economy, withstanding competition, providing jobs and alleviating the marginal citizens' burden.

It is obvious that there were various methods of reaching these four objectives, but the Minister of Finance has elected to stimulate that sector of the economy which, for many years, has been the slackest in terms of employment opportunities, that is the manufacturing industry. It is this industrial sector which, if properly organised, can generate the greatest number of jobs for Canadians.

The minister leaves it to private enterprise to set up the new industries that are needed, to modernize existing ones, to manufacture new products and thus to create new jobs. And I think it is normal that the private sector should be concerned with creating jobs in democratic countries that trust private enterprise.

For a good many years now we have been mostly sellers of unfinished products, our natural resources being extracted and shipped to other countries for processing. The Minister of Finance wishes to redirect this policy with which, on the other hand, has been a cause for concern for the Minister of Industry, Trade and Commerce (M. Pepin) who is also busy trying to stimulate the secondary industries of this country through incentives and legislations.

The Minister of Finance also said, as can be seen at page 7 of his budget speech—I quote:

It is, therefore, essential for us to take whatever steps are necessary to promote the development in Canada of manufacturing industries that are dynamic, vigorous and resourceful, that are unceasing in their efforts to innovate, that develop new and better products and that are aggressive in their efforts to expand their markets in Canada and abroad. In short, we must do everything we can to promote the development of Canadian manufacturing industries that are fully capable of meeting and surpassing competition from other countries.

I have been reading in newspapers, since May 8, 1972, the reported reaction of the business and labour sectors. Generally, it is very good, although some individuals may criticize certain measures. But there, again, it is difficult to reach a consensus on measures designed to stimulate the economy when economists themselves can hardly agree on methods likely to achieve the goals proposed in this budget.

Mr. Speaker, I mentioned earlier the amendment of the Progressive Conservatives. I would like to make a few more remarks on this matter, if I have enough time. The amendment reads first, and I quote:

—the failure of the government to bring forth effective measures to relieve unemployment—

Well, at the present time, the thrust of the budget is strictly unemployment. The opposition does not suggest any effective measures to fight unemployment, whereas we Liberals have put forward a formula which will really succeed provided businessmen are prepared to co-operate.

Of course, the opposition failed to mention the fact that unemployment is not uniquely Canadian but is a worldwide phenomenon. They did not explain either the reasons for such unemployment, which is that the influx of people on the labour market is too fast compared with the number of jobs which can be created. Obviously, they do not insist on the fact that in the past years, as stated by the Prime Minister (Mr. Trudeau) in the House, we have created 1,200,000 new jobs—

An hon. Member: Tell us where!

Mr. Leblanc (Laurier): —and we have succeeded in this better than seven other countries put together.

Obviously, the Créditistes find this amusing. They find everything amusing because they are not serious. I read the speech made by their leader on the budget; I found it amusing too, but on the other hand it is their privilege to laugh at whomever they want. It will be my privilege to make fun of them when they take part in this debate. That is a sure thing.

Some hon. Members: Oh, oh!

Mr. Leblanc (Laurier): Futhermore, Mr. Speaker, the amendment stated, and I quote:

—the failure of the government to bring forth effective measures— to provide incentive for Canadian investment in Canadian development—

• (1750)

In my opinion, the whole budget is aimed at stimulating investors so that they may reorganize their undertakings and co-operate in the economic development of Canada. I am convinced, Mr. Speaker, that with such a budget we will succeed in reaching in the long run the objectives set forth and that the population will find that the best party to preside over Canada's destiny is still the Liberal party.

Mr. Rondeau: So you say.

Mr. Forget: On a point of order, Mr. Speaker.

The Acting Speaker (Mr. Boulanger): Order. The hon. member for Saint-Michel on a point of order.

ROUTINE PROCEEDINGS

HEALTH, WELFARE AND SOCIAL AFFAIRS

Mr. Victor Forget (Saint-Michel): Mr. Speaker, with leave, I would ask that we revert to routine proceedings in order to table a committee report.

The Acting Speaker (Mr. Boulanger): Does the House agree?

Some hon. Members: Agreed.

Mr. Forget: Mr. Speaker, it is my pleasure to table the first report of the Standing Committee on Health, Welfare and Social Affairs.

[*Editor's Note: For text of above report, see today's Votes and Proceedings*]

GOVERNMENT ORDERS

THE BUDGET

FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

The House resumed consideration of the motion of Hon. John N. Turner (Minister of Finance) that this House approves in general the budgetary policy of the government, the amendment thereto of Mr. Lambert (Edmonton West) (p. 2178) and the amendment to the amendment of Mr. Saltsman (p. 2182)

Mr. Adrien Lambert (Bellechasse): Mr. Speaker, even though the Minister of Finance (Mr. Turner) is not in the House at the moment, I wish however to commend him for the courage he displayed in his budget statement. I must say that had it not been for his eloquence, the budgetary statement would certainly have been very dull, since it was likely to increase the burden of the individual rather significantly for the benefit of large corporations.

Having said this, Mr. Speaker, I should like to analyze objectively some aspects of the budget brought down by the Minister of Finance in order to show that it certainly contains some good things but that one also finds in it some things that need improvement.

Mr. Béchard: But there are some good things.

Mr. Lambert (Bellechasse): The hon. member for Bonaventure has been making it his practice for some time of interjecting remarks during our speeches. I commend him for so doing, because, after all, this is a good opportunity to convey a few good ideas.

Mr. Béchard: I thank the hon. member for giving me this opportunity.

Mr. Lambert (Bellechasse): Mr. Speaker, I shall go on with my speech and say that the increase in the estimates for 1972-73, under the heading of direct personal income tax, will be about $1,125 million, which will contribute to reduce the purchasing power of workers, prevent the purchase of many products, lower consumption and indirectly increase the number of unemployed in Canada.

I am quite pleased to see that the Minister of Finance is very optimistic about a possible upturn in the number of jobs in Canada during next year. But I suggest that if we do not bring any change to the way we finance public expenditures, there will be an increase in our national production, that is to say the economic growth, but there will also be an increase in the number of unemployed. This is what happened during the past few years. In view of the formula we are using now, the same will undoubtedly happen during the next 12 months.

Mr. Speaker, here is one of the good steps announced in the budget speech: the increase in the guaranteed income supplement. But then, a problem arises: we have read in

[Mr. Forget.]

papers recently that the Quebec minister of Social Affairs complained about the intrusion of the federal government into an area which he considers as falling only under provincial jurisdiction and that the $15 increase in the guaranteed income supplement will contribute to create problems to the Quebec government as regards people under 65.

Therefore, if the same kind of administration is maintained, it is certain that in the case of persons who are at the present time receiving welfare allowances and who are living with a spouse who is receiving the old age security pension and the guaranteed income supplement the spouse's pension will be decreased accordingly. This means that their total purchasing power will not increase in the desired proportion. It is a weakness in our administrative system which we should hasten to correct so that we may fulfill the purposes of the acts which are passed, that is to ensure a decent income to the people in need.

Even yesterday, some people came to meet their elected representative and explain to him their problems in connection with the old age security pension. This is why I strongly support the principles which the hon. member for Témiscamingue (Mr. Caouette) advocated last week when he rose to take part in the debate on the budget. Actually, he stated that it was urgent for the Canadian government to adopt an economic security policy and establish a guaranteed minimum income for all.

The events which are actually taking place in the world—and, more specifically in the province of Quebec where discontent is spreading from all quarters—prompt people to seek higher pay and security, in short, the right to live. They demand an increase in their income in line with the devaluation of the dollar.

I am satisfied of one thing, namely that if we adopted this policy it would help tremendously the government of the province of Quebec to settle the present conflict as quickly as possible, to stabilize the economy, to ensure social peace and security because this situation exists not only in Quebec but in all the other provinces.

Hon. members certainly received, like I did, a brief from the Canadian Federation of Mayors and Municipalities which asked the federal government to decentralize the revenue sources to the advantage of municipalities, so that they may have the revenues which are necessary to discharge their responsibilities.

In every field we try to obtain more in order to meet our own needs and to fulfill our obligations. The underlying problem is a financial one and the Minister of Finance recognized it in the speech he delivered last Monday; I quote:

> —I wish I could do everything at once and I am sure that each member of this House, were he standing in my place, would have a long list of priorities of things he would want to change, of inequities he would want to cure—

So the fact that those things exist is recognized. I continue with my quotation:

> The bare fact of the matter is that we cannot do everything at once. We simply don't have the resources.

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

The Acting Speaker (Mr. Boulanger): It being six o'clock I do now leave the chair until eight o'clock.

At six o'clock the House took recess.

AFTER RECESS

The House resumed at 8 p.m.

Mr. Adrien Lambert (Bellechasse): Mr. Speaker, when the House took recess, I was quoting this very important excerpt from the speech of the Minister of Finance (Mr. Turner):

> The bare fact of the matter is that we cannot do everything at once.

He was then saying that some projects had remained in abeyance and referring to the suggestions from hon. members concerning the establishment of priorities in the remedies designed to meet the needs of all our people. He said of Canada: "We simply don't have the necessary resources".

Mr. Speaker, what resources did the minister mean? Were they natural resources, human resources, planning resources or else financial resources?

Since this was a budget speech, I presume that the minister was referring to financial resources, since the discussion bore or money, credit—

Mr. Speaker: Order, please. I regret having to interrupt the hon. member, but one of his colleagues wishes to rise on a point of order.

[*English*]

Mr. Pringle: I rise on a point of order, Mr. Speaker. My point of order is that we are not receiving the English translation of the hon. member's speech, and I am very interested to hear what he is saying.

Mr. Speaker: I thought this might be a good opportunity for the hon. member to practise his French.

Some hon. Members: Hear, hear!

[*Translation*]

Mr. Lambert (Bellechasse): Mr. Speaker, I thank the hon. member for calling the attention of the Chair on the fact that the simultaneous translation system was defective. I do the same thing in similar circumstances, which is absolutely normal.

As I was saying, if it was a matter of physical resources, the figures quoted in the budget speech show that such resources are sufficient to fully meet the needs of the people. In fact, according to Statistics Canada, the gross national product for 1971 exceeded $95 billion. This means that Canadians are devoted to turning the wealth which Providence has made available to them into consumer goods, and that the government now has a responsibility to find the financial resources necessary to finance such production so that every individual, every family, may be assured of the minimum income necessary for a decent living.

• (2010)

Now, this mystery about money struck me several years ago. I was surprised to see that money was lacking in every field and others have also asked themselves questions about this problem.

I would now like to quote an article published in the Quebec newspaper *L'Action* in 1939. It is an editorial by Mr. Louis-Philippe Roy, a very intelligent man who at the time observed, like everyone else, the problems with which Canada was faced while governments were unable to achieve the goals which the population expected them to, and while all sorts of works and projects which the people needed were left unfinished.

This article reads:

> MYSTERY TO BE SOLVED: WHERE DOES THE MONEY COME FROM?
>
> In our Canada, resources are not lacking, nor are the means of transportation for distributing them.

This is still true nowadays.

> Our industrial labour is getting rusty with inaction, and our thoroughfares are often deserted.
>
> If Providence was generous to us, if wealth is abundant everywhere, if the earth is only waiting to be worked in order to bring forth its riches, the reason for the crisis is certainly not the poverty of the Canadian soil.
>
> Could it be that production is badly managed? No.

Nor is it badly managed nowadays. It is very well managed, organized, and planned.

> Both manufacturers and farmers could produce more if we insured the sale of their products.
>
> Ask the mother of children why her table is bare; the father, why he is going without food; the children, why they are declining; tradesmen, why trade is slow; professionals, why they work so much on credit; all of them will answer: no money!

That happened in 1939, and it is happening again in 1972.

The quotation goes on as follows:

> No money! Such is the answer given by governments to those who ask for their support, by industrialists to those who beg for a job, by consumers to retail dealers who ask for orders, by retail dealers to wholesalers; that is the answer that everybody gives to everybody else!—
>
> No money?

However, we know that, during the war, billions of dollars were spent to manufacture destructive devices. At that time, there was some money available.

And I quote again:

> Would its function be to organize man's destruction? Yet it seems that money was invented to ensure the exchange of farm or manufactured products, then the exchange of services.
>
> If people suffer, is it not, for a large part, as a result of the paralysis of exchanges? And it's money which would not be playing its part?
>
> Whose fault is it?
>
> It is not God's fault; nor that of nature, for money can exist irrespective of seasons and temperature; it is safe from drought and locusts.

There were locusts in those times too! And I quote:

> Its manufacture is limited to the amount of gold available,—

Nowadays, this myth has disappeared and has been replaced by another, which is quite as impressive: that of the American dollar.

However, let us not forget that our governments are also as poor as private individuals. The municipal, provincial and federal governments have only the money that we pay in taxes, etc., the money they borrow from banks.

That is the point to which I want to call the attention of the government, because this situation has not changed. I had hoped that a Minister of Finance as energetic as the one we now have would have the required strength to make the necessary changes in order to finally make this tool, that is, money, the nation's servant.

I quote further:

Yes, the powers that be that give banks the authority to make money, have to go to the banks and pay high interest rates to get credit in order to administer the country and give food to the unemployed.

Currency, money, credit: Is it then one and the same thing? Are banks the masters of it? What are their rules when they manufacture money? When they issue currency? When they extend credit? What do they demand in return and why? So many questions to which no school book will reply. And yet, this problem seems to be essential at this time. Why this mystery on the origins of money?

Is it not time for this mystery to be dissipated?

Since 1939 this question has obviously been answered because a movement existed in Canada, namely that of the hon. William Aberhart, in Alberta, which spread all over the country. Finally, we have more and more answers to this question. We should have not only answers but reforms while it is not too late because as things are going now, in the last budget of the Minister of Finance we find that day after day Canadians are taxed to pay interest to those who control the country's credit which is costing us $6,191,000 each day. At this rate, we cannot keep on developing normally and we shall be obliged to call again on the United States.

Is the United States position better than ours? We shall try and see how things are going on there. I have something quite interesting to say on this subject and which deserves some thinking.

This afternoon, I heard the hon. member for Laurier (Mr. Leblanc) say that to have a good administration in Canada the only way is to have a Liberal government. This is his opinion. To have a good administration in Quebec the only solution is a Liberal government.

I have nothing against the Liberals but I am saddened to see the Quebec Prime Minister load a wheelbarrow full of mortgages on provincial property, cross the border and say to the Americans: We give you our property as a guarantee. Give us figures, give us the permission to use our own natural resources.

It is quite true, Mr. Speaker, that things happen that way. I have here a very interesting document, published in the United States, in the December 9, 1971, edition of the *Manchester Guardian Weekly* and I quote:

The Canadian government is getting more and more worried about American domination over its economy and its natural resources. In this article, Mr. A. W. Cockerill wonders whether, at this stage, the Canadian people can still do something.

[Mr. Lambert (Bellechasse).]

CANADA—AN ECONOMIC COLONY

At a meeting of the U.S. Senate Committee on energy resources, in May 1971, Mr. Brice O'Brian, chairman of the United States National Coal Association, stated: "—our government believes that Canada belongs to us as far as her energy is concerned". That was not the truculent statement of a naive and not very diplomatic American industrialist. On the contrary, Mr. O'Brian's words were simply an echo of president Nixon's feelings, of the political opinion of the United States and industry in general.

• (2020)

The following month, in a statement on American energy needs, President Nixon himself said that, among the major solutions to the crisis, was the import of vast quantities of energy from Canada, that is natural gas, oil, coal, hydroelectric energy and water. Such energy sources, as well as some products, such as ore, coal, pulpwood and others, have for some time been called "continental resources" in the United States.

That is that. The Americans think that everything belongs to them. No wonder. When one spends one's time lending money to a neighbour, one finally thinks that the goods offered to guarantee such loans belong to the lender. That is quite normal.

I quote further:

That such resources belong jointly to all the inhabitants of the North-American continent is a fairly new idea, although political and industrial leaders in the U.S.A. must have had that in mind for much longer. If the matter were not so serious, one could laugh at the concept: in fact, such a notion implies that the resources of the American continent also belong to Canada and vice versa. There is only one problem: the U.S.A. have hardly any resources left and, consequently, they have none to share; what the U.S.A. mean when they speak of "continental resources" is very obvious.

As public statements on the subject multiply, the concept of "common property" becomes more and more imbedded in the public awareness, or at least, American public awareness—

The Nixon government is as adept as any other at translating the wishes of the minority into the will of the majority—

With a population of over two hundred million inhabitants, the United States already use up more than their share of world resources. In the middle of this century, that country changed from an exporter into an importer of raw materials. The economic development of the country may be compared to an enormous industrial machine in which three conditions must be met to ensure its continued existence: the needs for raw materials to feed it, personnel to make it work and markets to consume its production. The crux of the problem is the first requirement, because the other two are filled by the mere existence of a huge and growing population.

This gives us the idea that it is more and more interesting for American financiers to take mortgages on the natural resources of Canada, because it really pays them. I keep on quoting:

In the area of hydroelectric power—one line connecting Churchill Falls in Labrador, James Bay in Quebec and Kettle Rapids in Manitoba—the conquest of Canadian resources has already been achieved well up north. The electrical power shortage is so serious that major American companies, having foreseen it more than ten years ago, have acted immediately. One does not miss any opportunity in securing these resources, even with respect to investment capital.

And what does this produce, Mr. Speaker? They tell us. I learned some very interesting facts reading this document. The article goes on:

In the Schultz report, it was pointed out that for any dollar invested in Canada for oil extraction, 71 cents come back to the U.S. as investment income during the first year in which the investment was made.

No wonder the Americans are able to lend us money afterwards. Their profits are so good that they are able to buy the mortgages back later on. I quote the article again:

There is no reason to doubt that the same investment income is obtained from any other form of energy development or mineral extraction, be it natural gas, hydroelectric power or common metals.

I shall stop quoting here from this very instructive document which does not show however the true situation in the United States. It has not been proved that the author had a direct line with Our Father to have enough money to develop their country and help develop the rest of the world.

Here is a recent item published in *La Presse*, and I quote:

The United States are at their wits' end.

Today, the richest country in the world is . . . broke. Last year, the U.S. economy exceeded thousands of billions of dollars; yet, the municipalities of the twenty-one largest cities are short of money to pay their police force, their firemen, their teachers and garbage collectors—The State of Ohio has reduced its payments to the aged who are ill by 32 per cent.

It also says that the city of Boston:

—lacks the means to replace its wooden sewers that are 102 years old.

Therefore, that city is in a deplorable economic situation. What is the cause of this? Here is how the same article describes what has happened:

Their leaders are in a quandary. Where is the money to fill up the gaps to be found? By increasing the public debt? But the annual interest payments already amounts to $12 billion.

The President is therefore discouraged. He says that he was "fixed" by economists and planning experts. And I keep quoting:

In the high spheres of government, for the first time some attention is paid to the explanations of radical economists.

Those radical economists are people like Major Douglas who discovered that credit is a wealth which should belong to the entire nation and should be used in the interests of the people.

I further quote:

The Keynesians were wrong: Friedman's monetary partisans went astray; Mr. Nixon is enough of a realist to realize it.

Seeing the situation, he feels outright that it does not make sense.

However, in Canada, work is being done: surveys were carried out, a report was tabled not so long ago in the House, the Gray report. It is interesting to see what can be done in Canada to develop our natural resources and allow the population to share them.

Here is what appeared in *La Presse* of May 3, and I quote:

Economic growth could be maintained even without foreign capital.

I am certain that the author of that article is right because capital is artificial, and figures are involved. And there is a solution offered in the article, a most interesting one. The author must have consulted radical economists, since he writes as follows, and I quote:

Moreover the development of regional financial institutions and also a revision of the Bank Act are being proposed in order to enable provincial governments to take a financial part in the development of a bank with a Federal charter.

At last, it begins to break out, we begin to realize there are possibilities—

Mr. Speaker: Order, please. I regret having to interrupt the hon. member. I am advised that his time is over; it is probably because he was carried away by his eloquency.

In any case, unless there is unanimous consent of the House, he will have to let one of his colleagues speak.

[*English*]

Mr. David Lewis (York South): Mr. Speaker, I find it sad that the new Minister of Finance (Mr. Turner) should have exposed his corporate bias in such a naked way in his very first budget. I also find it sad that he has exposed the outmoded and outdated economic thinking which animates his policy. I find it sad, Sir, that he has become the slave of the same conservative advisers as his predecessor. All he needs is a pipe and he would be Benson reincarnated.

Mr. Orlikow: He would also need to weigh an extra hundred pounds.

Mr. Lewis: For some years, parliament and the people of Canada have waited for tax reform. A tax commission studied the matter. Almost the first sentence in the report of the Carter royal commission emphasized that our tax system suffers from inequities and injustices. We waited for tax reform last year, but we received only a repetition of the same inequities and injustices. We were presented with a tax bill that made a few, little changes but left the majority of Canadians saddled with an unfair share of this country's tax burden.

This minister, Mr. Speaker, had the opportunity in his first budget to take a stride forward to the just society. Instead, he took a stride backward. The Minister of Finance took a step which made the tax system even more inequitable and unjust so far as the Canadian people are concerned. This can be shown in various ways. I shall try to show it in one particular way, that is, the proportion of the tax revenue that is now coming from the corporate sector compared with the proportion coming from the personal income tax sector.

• (2030)

Direct taxes to be paid by individuals as the result of this minister's budget will, on a national accounts basis, be 49.9 per cent of federal revenues. The direct taxes to be paid by corporations, on a national accounts basis, will be 12.2 per cent of the federal revenue. The personal income tax will be four times as large in proportion compared with the corporation tax. I remind hon. members that the rest of the revenue comes from customs tax, excise tax and sales tax, all of which fall on the same Canadians who pay income tax. The profits which the corporations make are not touched. In case anyone thinks that this imbalance is something that was ordained by economic deities, outside the Minister of Finance or the Bank of Canada, let me point out that it is the climax of a trend that has not only continued but has accelerated under the present government.

May I be permitted to spend two or three minutes on a dry recital of statistics. In my opinion they are very revealing. From 1963 to 1967 the share of revenues provided by direct taxes on individuals rose by just two percentage points, from 37.3 in 1963 to 39.3 in 1967. It then leaped to 48.5 per cent in 1971 and is forecast to be 49.9 per cent in 1973. Meanwhile, the corporate contribution slid from 19.3 per cent in 1963 to 16.3 per cent in 1967, to 13.7 per cent in 1971 and, finally, to 12.2 per cent under this budget. I think we should note these figures. I will have something more to say about this imbalance which is an injustice of really gross proportions to the average Canadian.

In 1950 the proportion was about equal; in fact, the corporate direct tax proportion of the federal revenue was a little higher: it was 28 per cent as against 26.7 per cent in personal direct tax. In 1951 it was again about even—29.8 per cent for the corporate direct tax and 27.8 per cent for the personal direct tax. I will now jump to 1961; I will skip years so that my statistics will not be too overwhelming. In 1961 it started to slide.

An hon. Member: A good Tory year.

Mr. Lewis: As my good friend says, it was a good Tory year. It was 38 per cent for personal direct income tax, and 19.8 per cent for corporate tax. In 1967 it was 39.3 per cent, compared to 16.3 per cent; 1968, 42 per cent, compared to 17.3 per cent; 1969, 45.5 per cent, compared to 16 per cent; 1970, 48.4 per cent, compared to 14. per cent. In 1971 it was 48.5 per cent, compared to 13.7 per cent; 1972, 48.2 per cent, compared to 13.7. For 1973 the projection is 49.9 per cent from personal income tax, as against 12.2 per cent from corporate income tax.

I have here a chart which I have drawn. It is a very revealing chart. The curve of the proportion of federal revenue from personal income tax goes disastrously up all the time, whereas the proportion of revenue from corporate income tax goes steadily down. This has occurred as a deliberate policy of government. That, and some other things that go to the corporate sector of this country, show the way in which this government and the preceding Conservative government treat the people of Canada as individuals and families compared with the corporate sector.

Some hon. Members: Hear, hear!

Mr. Nesbitt: Too bad the Gallup poll doesn't reflect it.

Mr. Lewis: We see what Liberal and Conservative government is all about—squeeze the ordinary Canadian while big business gets a free ride; and it is a free ride despite the comments that may be made to the contrary.

In his budget, the Minister of Finance forecast that for 1972-73, 15 per cent of federal spending, on a budgetary basis, will go to what he calls economic development and support. In plain English, that means that 15 per cent of the revenues of the federal treasury, on a budgetary basis, will go to grants and handouts to corporations. That is what the minister means. There will be grants under the Department of Regional Economic Expansion, grants under the various programs of the Department of Industry, Trade and Commerce, research grants, development grants and other concessions to the corporations in Canada.

On a budgetary basis, the minister says that 15 per cent of all federal spending will go to the corporations. Also on a budgetary basis as distinct from the national accounts basis, in order to make the two comparable we learn that 14.9 per cent, or 15 per cent of the budgetary revenues will come from the corporations which will receive 15 per cent of the budgetary expenditures. I suggest that even the Minister of Finance will agree that 15 minus 15 equals zero. The people of Canada must understand—and this is why I emphasize it—that the corporate sector makes almost no net contribution to the social expenditures of this country such as defence, taking care of the aged and taking care of the sick. All of that revenue comes out of the income of ordinary Canadian families, not from the corporate sector. I think it is important to underline these things.

I did not have the pleasure this afternoon of listening to the Leader of the Official Opposition (Mr. Stanfield). I was in Toronto when certain things happened. Although I am tempted to comment on them, I will not do so in this speech. In any event, I am certain that the spokesmen for the Conservative party will not protest against the silk-glove treatment that the corporations of Canada receive from this government, as they received it from the Conservative government in the past. I think that fact has to be underlined in this budget debate.

In 1969, the latest year for which statistics are available, 46 per cent of the corporations in Canada did not pay a cent of income tax. In the mining and petroleum industry, including oil extraction, 78 per cent of corporations did not pay any income tax. No one is going to tell me that 46 per cent of all corporations, and 78 per cent of mining and oil corporations made no profit in 1969; that they were just working the mines and extracting the oil out of the goodness of their heart and the philanthropic pressures of their conscience. They made profits, but they were able to tuck those profits away due to the kind of law that favours them, and the loopholes that are constantly provided for them.

Some hon. Members: Hear, hear!

• (2040)

Mr. Lewis: I say the Minister of Finance had an opportunity to redress that imbalance and to do something about the economy and the unemployment situation. Instead of doing so, he merely emphasized the imbalance. The big cuts and the new concessions went to the corporations. There was a little help—not enough—given to old age pensioners, veterans and students.

Let me pause here to say that for the Minister of Finance to indicate in a budget an increase in social benefits is most unusual. It is not usually done in my experience, which is admittedly not a very long one.

Mr. Knowles (Winnipeg North Centre): Walter Harris did it.

Mr. Lewis: Walter Harris did it, but that was a long time ago; it was some 15 years ago. For a minister of finance to increase social benefits in his budget is very unusual. But

this poor fellow had to do it. If he had not referred to old age pensioners and students in his budget, it would have contained nothing but concessions to the corporations—and even he was too much ashamed to permit that kind of situation. The poor minister said to his advisers, "Come on, now I cannot take a budget to the House of Commons which does nothing except reduce taxes for the corporations. Give me something else." So he was able to turn to the Minister of National Health and Welfare (Mr. Munro) and graciously say, "You will be able to rise tomorrow and do something for old age pensioners." And he was able to turn to the Minister of Veterans Affairs (Mr. Laing) and say, "You will be able to do something for the veterans." And his conscience was clear.

The fact that he had to make this announcement shows he knew that what he was doing to the taxpayers of this country was conscienceless; it was necessary for him to appease his conscience in some way. Much as I and my colleagues are ready to support the proposals affecting old age pensioners, veterans and students, let me tell the Minister of Finance that there is nothing in those provisions which will make any old age pensioner dance for joy even if he is physically able to do so.

I met with some of them yesterday in my riding. As hon. members know, in senior citizens' homes the women outnumber the men, and they did at this meeting. Those whose husbands had saved a little money and who were obliged to live on the old age pension alone, plus the little bit of additional income they had, were certainly not dancing for joy about the $2.88 a month which this "great" government, betraying the just society in every act it takes, had granted to them.

As for those who were entitled to the income supplement, even those entitled to the full income supplement, they realized that the $15 additional payment which the single old age pensioner is to receive and the $30 additional payment which pensioner couples are to receive is simply making up for the increase in costs they have been facing over the years—not since the supplement was introduced but for years when they had to live on inadequate pensions. They were not jumping with joy.

This is not to belittle what has been done. This is not to say it will not be of some use to old age pensioners. Of course it will be—not the $2.88, which is an insult, but the $15 a month, which makes $180 a year, and the $30 a month for a couple, which makes $360 a year. That, of course, is welcome money to them. But let us remind ourselves, before we become self-congratulatory, that if we adjust the needs of a single person in Canada, living at the poverty line, to the cost of living increase since 1969, which is about 6.5 per cent, a single person now needs $190 a month to live just above the poverty line, which is $40 more than the maximum, including the supplement which the Minister of Finance has provided. And a couple needs $317, which is $42 more than the maximum $285 which the minister has provided.

So let the Liberals in this House not bang themselves on their backs in self-congratulation. The payment to a single, old age pensioner is still $40 below the minimum required, and the amount received by a couple is $32 below the minimum required. In spite of these increases, old age pensioners will still have to scrape to make ends meet at the end of each month—and that is not the way to treat the aged people of this country.

Moreover, for the majority of Canadians this budget was a budget without joy. There was absolutely nothing in it for the ordinary wage or salary earner, for the farmer, for the fishermen, for the logger. They were not even mentioned in the budget. And there was almost nothing there for the small business people. There was absolutely nothing for the vast majority of Canadians. Indeed, as the minister has lately admitted, there is a hidden tax increase for the wage earners, the salary earners, the farmers, the fishermen, the loggers and the small business people who are not connected with processing or manufacturing—an increase of 3 per cent.

The 3 per cent tax cut made last October will end on December 31 of this year. Therefore, beginning on January 1 next, every Canadian in the categories I have mentioned will pay 3 per cent more in tax than he does today. This was the treatment given to the majority of the Canadian people, the majority of Canadian families. Yet the minister says, "This is a forward-looking budget." He must have had his head turned the wrong way when he said that.

What disturbs me, as a lay economist who studied economics at two institutions but who does not claim to be an expert, is that the minister has the audacity to say that his budget is intended to produce jobs. He will forgive me if I do not quote him but paraphrase him in my own way. He says, "Listen, private corporations and private business. I have just given you a tax cut, so please be kind enough to provide more jobs. I stake my political future on you." I could visualize him on his knees, except that he is a proud man and does not get on his knees, and I respect him for that. He pleads with these corporations to give him some jobs. Let me tell him that the corporations will give him jobs only if it pays them to do so. If it does not pay, there will be the same level of unemployment six months hence that there is now, if not a higher level.

• (2050)

Let us look at the economy at the present time as I see it and understand it, and I think most economists would agree with me. We have an economy which is now functioning under capacity. Many manufacturing plants across this country are not functioning at one hundred per cent capacity and there are many people laid off, or we would not have the extent of unemployment we now have by definition. There are plants which have laid off people, and those people are still laid off. Does the minister or anybody in his right sense suggest that when you go to a plant which is laying people off because it cannot sell its products, and give it an additional 9 per cent in profit, this will create jobs? I suggest the plant will simply take the 9 per cent into its profits.

The way to deal with an economy which is in an underproduction stage and working at something under total capacity is to increase aggregate demands so that the products which are manufactured will be purchased. It is only then that new and additional jobs will be created. There is already slack in our mills and factories. The minister should not try to induce them to invest more. Why should they invest more? What is the purpose of their

investing more money? They cannot sell all the products they are now capable of producing. What will they do if they invest more money? They will produce more of the products they cannot sell. That is sheer nonsense. It is sheer, obvious and arrant rubbish—and that is what is being taught this parliament and the people of Canada.

I am certain there is not an economist in this country who would suggest that the giving of a tax cut to corporations would increase the number of jobs in Canada. Certainly there is not an economist in this country who would agree that the giving of rapid depreciation for new machinery and equipment would create jobs in this country. When does a manufacturing firm buy new machinery and equipment? It buys new machinery and equipment in order to improve its efficiency and to produce more efficiently. It produces more efficiently when it replaces human labour, not when it adds to human labour.

If our manufacturing concerns bought even most of their machines and equipment from Canadian firms, one might argue that there would be an increase in the number of jobs in the sector that manufactures machinery and equipment—but that is not true. The overwhelming majority of new machines and equipment which our manufacturing firms use is brought in from abroad, particularly from the United States. So even that could not create any jobs in the country.

Therefore, I suggest to the Minister of Finance, with real regret, that his budget even from the point of view of creating jobs is a sham which will not do this and cannot do it. I suggest to the minister, specifically, that he could have made available about $2 billion to the ordinary Canadian taxpayers and really have rapidly stimulated the economy in this country. In this way he might really have created jobs by increasing the purchasing power of the ordinary Canadian who spends almost every dollar he gets. He could have done this by removing the 7 per cent tax cut, which will continue for manufacturing and processing industries, and by taking back the $500 million he is giving away in this budget. This would have yielded about $675 million, enough—according to our calculations—to cut $100 off the tax bill of every Canadian earning less than $10,000 or $12,000. That would have meant something to the economy.

If the minister had increased the effective tax on corporations to about 46 per cent from 36 per cent, if he had adopted a full capital gains tax which would have yielded another $100 million, if he had recovered about $400 million by plugging the loopholes and generally tightening up the economy, and if he had reduced the number of giveaways various departments now make, he could have saved in the neighbourhood of $2 billion which could be given in tax cuts to the average Canadian, particularly those making less than $10,000 or $12,000 a year. These people would then use every single dollar to buy products produced by Canadian manufacturers and Canadian farmers.

If my eyes are correct and the clock is right, Mr. Speaker, I have about two or three minutes left at my disposal. Let me say this in conclusion. The basic reason for this kind of scandalous budget is the economic philosophy which animates those people across the aisle and our friends in the Conservative party and others. That philosophy is that only the private sector of the economy can be relied on to do the job of creating work and of increasing the wealth of this country, and that social capital is taboo and somewhat wasteful.

It is their philosophy that only the private sector knows what to do for Canadians and that the Canadian people, through their government and their representatives, do not know anything at all as to what should be done. I reject that philosophy. I suggest that the way to create jobs, if the minister will not make tax cuts as radically as I have suggested, is to use some of the money in the way I have indicated.

Everybody talks about pollution. If the government put some real money into cleaning up our waters, and into building purification and recycling plants in the cities and towns of this country, we could really fight pollution and create work for hundreds of thousands of Canadians. If the minister set aside some money to assist provinces and municipalities to build day-care centres so that mothers who wanted to go to work as well as fathers could simply put their children in these centres, that would be social capital which would create jobs. We need over 2,000 of these centres.

If the minister set a massive amount of money aside for low-income housing and urban renewal, instead of following the slow way in which money is now coming foward, that would be a social development which would create jobs for Canadians across the country. There are many other urgent needs that Canada ought to meet. The government ought to meet these needs and at the same time solve the problem of unemployment. If the government met those urgent needs as it should, there would be no reason for any single, able-bodied man or woman in Canada to be out of work. I believe a study of this budget will show how hollow and how unjust it is. I am sad for the Minister of Finance; indeed, I am almost ashamed for him.

Mr. Robert P. Kaplan (Don Valley): Mr. Speaker, today is leaders' day and you may wonder why someone with the view of the House which I have should be rising to speak in this debate. I want to reassure you, and quickly arrest any rumours on the other side of the House, that I am only a leftover from Thursday's list of speakers. But I am very glad to have a chance to speak at this time. I listened with interest to what was said by members the opposition parties and I think I should comment on their arguments.

The Leader of the Official Opposition (Mr. Stanfield) informed us that the highest priority of the Conservative party in government would be to provide jobs. Then he set forth two proposals which, had they been in the budget, presumably would have provided jobs. One of them is a sham and the other is a loser. The sham is his proposal to provide an automatic tax adjustment for inflation so that taxes would be reduced automatically every year by the amount of inflation. I call that a sham because it is obvious it would apply right across the board to all incomes and would have the result of reducing the total government revenue by the amount of the cost of living increase. It would then be necessary for the government to increase taxes to make up the amount required to meet its needs. The amount of increase would equal this sham or givea-

way offered in an opportunist manner in an effort to win some votes. Just describing it indicates how empty it is. Let us hope the country sees it in those terms.

• (2100)

The second proposal of the Leader of the Opposition to provide jobs, which he set forth as the highest priority, is a $15 increase in the old age pension right across the board. That is a meritorious proposal. I hope a $15 increase in the old age pension will be possible. But what would that do in respect of jobs? I submit it would do nothing. It is a loser. The Leader of the Opposition has chosen to bring forward proposals designed to attract attention and win votes, but which are certainly not designed to do anything about providing jobs.

The budget of the Minister of Finance (Mr. Turner) is designed to do provide jobs. I shall come to it in a moment. However, first I should like to comment on the speech of the leader of the New Democratic Party (Mr. Lewis). We heard a very tired performance. Perhaps it is time for that party to put its new leader on the shelf beside its old leader. I had become accustomed to hearing from the old leader of the New Democratic Party that the mountain has laboured and brought forth a mole—

An hon. Member: A mouse.

Mr. Kaplan: —but that expression has died. From the new leader of the New Democratic Party we hear time and time again the ever-hopeful virgin entering this chamber full of expectations for the just society and enchanted by the Prime Minister (Mr. Trudeau) and our new Minister of Finance. He approaches the floor, unwraps those yellowed papers of his and then we hear that once again his hopes have been dashed and that his worst fears have been realized. What does he find—not a new leader but Mackenzie King again. Not Mr. John Turner but Mr. Benson again. This approach is wearing thin.

Some hon. Members: Order.

Mr. Kaplan: It is a tired performance which is repeated too often. Let me deal with his principal argument. His argument is that this government favours the corporate sector at the expense of the personal sector. The false premise on which his whole case is built is that there is a corporate sector and a personal sector and that there are different segments of the population. Listening to him, one would have the notion that somewhere or other there is a class of people in the corporate sector who live a life of luxury and ease, who do not work, who do not pay taxes, who are able to deduct all their expenses and who contribute nothing; while again, another group, the individuals, are the ones who make the goods, who accumulate the savings and who carry out all our industrial activity as well as pay all the taxes.

I think just to state the implications of the premise is to demonstrate how fallacious it is. The corporations are not real people. There is no difference between the corporate sector and the personal sector. There are only real people in this country. It is only people who pay taxes, the corporations just being a funnel. It is patently ridiculous for him to suggest that somehow to reduce the taxes of corporations is to confer a benefit on a privileged class of people. He knows perfectly well that taxes are paid by people. When corporations have their taxes raised, the price of goods tends to increase. In the end, all taxes are paid by people.

Mr. Orlikow: Which people?

An hon. Member: Tell us which people.

Mr. Kaplan: All people, on a progressive basis. Mr. Speaker, I do not think I am convincing the members of the New Democratic Party, but I believe I can put to them one point which perhaps may make my entire case. The Carter report, which they revere so highly as being the ultimate in equitable taxation, would impose on the corporations of Canada a tax of zero per cent. Under the proposals of the Carter report, all taxes would be paid by people. Integration is provided as the corporation is seen for what it is—a conduit. The members of the New Democratic Party approved this and never regarded it as a sellout, because it was made very clear in the analysis of the Carter report that taxes are paid by people and that the corporation is only a vehicle serving the interest of consumers, providing jobs and accumulating savings and profits for investors. I think the leader of the New Democratic Party owes his supporters a better analysis of Canada's problems than he gave tonight. He spoke about tax incentives and put forward the preposterous proposition that machinery takes away jobs and that any incentive to build up jobs by adding machinery would not do this but, rather, would tend to reduce the number of jobs in Canada.

I invite the leader of the New Democratic Party to consider the opinions of all the economies of the world. If he looks at those economies which have no machinery at all, he will find how much employment there can be where there are no machines. Then he should look at the economies which are the most advanced, those which have the latest machinery and industrial processes. I suggest to him that machinery modernization and mechanization is the key to providing full employment in Canada, and not the opposite. It is ridiculous to suggest that an incentive which would tend to make our economy more efficient would operate against the interest of the working man. I hope none of his supporters would ever believe that.

Mr. Howard (Skeena): Why do you not try working in industry to find out?

Mr. Kaplan: I have. I should like to speak tonight about Canada's industrial strategy and how it has been moved forward positively by last week's budget. For the first half of this century it seems that Canada's industrial goals have been clear and fairly stable. The economy was divided into two sectors, international and domestic. In the international sector we developed production of products for world markets. These are products in which we have achieved international excellence in economy of production and in quality.

These goods include farm produce, timber, pulp and paper, and minerals. Partly by transportation subsidy and partly by stimulative taxation policies, this sector has developed to the basically healthy condition it is in today.

Of course, the international sector is subject to international movements. There is little the government of Canada can do directly to support the international sector when foreign competition gets hungry or when foreign markets decline. Although subject to cycles, the Canadian international sector stands up well today.

• (2110)

The remaining sector of Canada's economy has been the domestic sector of manufactured goods. In this sector it was Canada's industrial strategy to ensure that the total Canadian market was in effect delivered to the industries which produced manufactured goods in Canada. In this way, by a protected market, industrial expansion was stimulated and Canadian manufacture was encouraged. The policies of the government in this area included a forthcoming immigration policy, tariff protection, and later such interventions as grants and loans to industry from government and government agencies.

It is probable that without these policies of protection and stimulation of the sector of manufactured goods Canada would have no secondary industry today, our population would be less and there would be less Canadian opportunity than there is. We would be an economy wholly dependent on the export of resources, many of which are depleting rapidly.

This general industrial strategy of two sectors subject to very different regimes was right for its time. But beginning in the 1960s, or even earlier, it became clear that this industrial strategy could not endure and that changes were needed. There were political and economic reasons for this. It became clear, firstly, that secondary industry is not viable with only the Canadian domestic economy to serve. Twenty-two million people cannot support an electronics industry, a furniture industry, a footwear industry, a textile industry, a chemical industry, a fine paper industry, an automobile industry, or any one of a number of others.

Such a policy denies Canadian manufacturers the economies of scale which come from the hardware technologies of mass production and the mass media and from the software technologies of mass marketing and mass distribution. Internationally, the exclusion of foreign manufacturers was offensive as well because it prevented the customers of Canada who bought international goods from us from repairing their trade balances with us on a bilateral basis. Few countries have any primary goods which Canada needs in any quantities.

But political objections to the old industrial strategy were also significant. It happens that our domestic sector goods tend to come from the urbanized regions of central Canada while the international goods come from the west, the east and the non-urban regions. Over the years there has been a growing tension in which, for example, the west objects to being required to offer its goods, the international goods, in the world market at world prices subject to international recessions and monetary crises, while it is forced to buy its requirements in protected markets from central Canadian manufacturers. It alleges that these manufacturers are inefficient and non-competitive. Indeed, there is a factual basis for this. Canada's secondary industry is fragmented, it is weak, and protection in the long run is not a viable method of building a healthy industry. This kind of charge of the west or the east against the centre of our country weakens the unity of Canada. We need policies in every sector of national life, including the economy which tie us together and not which pull us apart.

[Mr. Kaplan.]

These factors forced Canada to reconsider its traditional industrial strategy. The reconsideration was piecemeal, a process rather than a concentrated effort—but the shape of our new industrial strategy is becoming clarified. What was recognized was that to remain viable economically, to preserve national unity, the old domestic sector had to be turned inside out. Canadian secondary manufacturing had to find international markets; it had to learn to live in the international community.

At the outset it may not have been clear that this was possible. Today, with part of the new policy already implemented, it is demonstrably clear that it can work. Manufactured goods have moved from 14 per cent to 38 per cent of our total exports in the last nine years. The policy change has been guided by the department of industry and then by the Department of Industry, Trade and Commerce. I should like to read a portion of the statute establishing the Department of Industry just to show how its terms of reference were directed toward this problem. It was established to—

> —develop and carry out such programs and projects as may be appropriate to assist the adaptation of manufacturing industries to changing conditions in domestic and export markets, and to changes in the techniques of production; to identify and assist those manufacturing industries that require special measures to develop an unrealized potential or to cope with exceptional problems of adjustments,

The process carried on by the Department of Industry, later by the Department of Industry, Trade and Commerce, has been to review the economy sector by sector looking for ways in which the trade of that sector can find international markets.

The first sector of secondary manufacturing to be internationalized was the automobile industry. This chamber is aware of how successful this first step was—embarrassingly so, as we find our trade surplus now an issue in Canada-United States relations. But we have come so far from the timid safeguards of 1964 that they are largely irrelevant today. A big part of the success story reflects the achievement of American managers of U.S. capital in Canada. But it also reflects the fact that Canadian labour can be at least as efficient as its U.S. counterpart and that Canadian entrepreneurs in the accessories industry and in the after-market can be at least as good as their American counterparts, or better.

Following the automobile industry was the textile industry. Here the department has learned, to its surprise and to the surprise of almost all Canadians, that we make some textiles which we can sell even in Hong Kong, and that Americans are attracted to Canadian clothing, suits and attire where sold competitively right in American cities. The process of internationalizing the textile industry is still going on. It is not imposed by the government on the industry; in fact, the opposite is taking place. A board has been set up and the industry is invited to come forward and present rationalization plans. The government is prepared to assist in financing, to help retrain and

relocate employees, to provide permanent pensions for employees who are unable to adjust. This adjustment assistance is a reasonable request to make of a Canadian taxpayer because it is part of a process from which all Canada benefits.

The Minister of Industry, Trade and Commerce (Mr. Pepin) has indicated that the footwear industry will be next. In this Canadian manufacturing industry it is already obvious that protection is not the answer. The only answer is growth, finding international markets. I hope that the electronics industry, the furniture industry, the chemical industry and the fine paper industry will follow and that this new industrial strategy will be fully implemented as soon as possible.

Last week's budget presented in part Canada's answer to the threats to international commerce and, in particular, to Canadian industry presented by a whole series of moves by many states against trade liberalization. The DISC program with which we are all familiar is only one example of this, and if I could turn again for a moment to the remarks of the leader of the NDP, he said that the whole solution to unemployment in Canada is to provide more money for people in the low income groups. I agree that that is a desirable objective and that it would stimulate demand in Canada. But let me ask him this: What does that do to counter the DISC program, and like programs? What does that do to make Canadian goods competitive with American goods that are now coming in subject to tax subsidies? What does that do to assure us market access to European countries, to Asia and to places where we have to sell to be able to stay in business? This budget is responsive to these problems.

• (2120)

It is all very well to argue in favour of tax cuts for people with small incomes—and this is something that it would be desirable to do—but to assert that this kind of policy would keep Canada competitive is just foolishness. He had nothing to say in response to a very real problem which his own party has been as diligent as any in bringing to the attention of the House and of the government.

Mr. Gilbert: And we have policies for the DISC program also.

Mr. Kaplan: I would like to hear them, because certainly an NDP budget would have nothing to say about the DISC program and no solution for the non-tariff barriers being imposed on international trade by a great many countries of which the United States is only one.

It is part of Canada's industrial strategy, as is obvious from the foregoing, to encourage international trade liberalization. Other countries with huge populations can turn inward and seek to develop self-sufficiency. Some of the new trading blocs—the European Economic Community is one—have this option as well. But Canada does not have this option. We cannot turn inward if we want to continue to improve our standard of living, if we want to continue our efforts to eliminate poverty in Canada, if we want to absorb our growing population into our labour force. If we want to do these things, we have no alternative but to encourage trade liberalization and we must become more and more competitive. Therefore, we have to oppose this whole range of protectionist measures, not only the DISC program but other interventionist policies of other countries that are designed to give a subsidy to their own exports in foreign markets.

Canada's answer to all these protectionist measures, including DISC, in part came in the budget presented by the Minister of Finance last Monday. The measure he proposed is not a tax subsidy to exports. It cannot be criticized under the rules of the GATT because it applies to all Canadian manufacturing and processing, whether for domestic consumption or for export. The reduction of corporate taxation from 48 per cent to 40 per cent in this sector should go a long way to meeting programs like DISC and the interventionist policies of other governments. It should also help secondary industry injured by the increase in the value of the Canadian dollar.

Here again, Mr. Speaker, what does the leader of the NDP have to say to that? Giving tax cuts at any level of the personal sector does nothing to make our manufacturing industries and processing industries better able to deal with the increasing value of the Canadian dollar. But this tax reduction does. It puts them in a position to maintain their competitiveness against the manufacturing and processing industries of other countries. This is a measure which is responsive to the threat to this sector, and is consistent with the direction in which our new industrial strategy would lead this traditionally sheltered sector of the economy.

One can only echo the hopes and expectations of the minister that this incentive, together with the fast write-off, will be used by manufacturing industries because if they do take advantage of them, this will make us more competitive. This will increase Canadian production. This will help us to find new markets. Above all, this will help us to create employment for Canadians.

In closing, Mr. Speaker, I would like to comment on the decision to increase the guaranteed income supplement, the veterans allowances and the addition of a full cost of living adjustment provision. Inflation is a fact of life. While the government has done much to keep inflation in check in recent years, inflation has not been eliminated. It remains a fact of life which hurts most the weak in society, those who live on fixed incomes, those who are unable to bargain for increases.

There are two ways to deal with this problem. One has been used in the past, that is, to wait for a significant loss of real income for those receiving pensions and then to step in with a measure catching up, bringing the pensions back up to the real income level they had before and advancing them. This catching up process, which has been used in the past, has the effect of cheating pensioners because while waiting to catch up they suffer. Their real incomes decline while the incomes of other Canadians continue to increase. This system of automatic adjustment is the fairest one, and again I congratulate the Minister of Finance for responding in this area and for providing the cost of living adjustment.

Many people in society who have policies that they want to press on the government often press them by confrontation, by demand, by attack, by criticism. Of course, it is difficult for a government to ignore that kind of criticism. I think it is worth noting that the requests which were

received by the government and by all members of the House on behalf of the old age pensioners were characterized by dignity, by respect for the institution of government and by a recognition that there were other needs in this country that also had to be considered. But nevertheless, the claims of the old age pensioners were very real and very deserving of consideration.

I think one should congratulate the old age pensioners for the way in which they made their case, and we should congratulate the government for responding not only to crisis and confrontation but to dignified demands put forward in a constructive way like those from the old age pensioners. I see my time has elapsed, Mr. Speaker, and I conclude.

Mr. James A. McGrath (St. John's East): Mr. Speaker, in the few minutes at my disposal I would like to refer to what I consider to be one of the most serious omissions from the budget, namely, any reference to the government's regional economic expansion policy or, indeed, to the effect that the present budget will have on that policy. I have already raised this matter in questions in the House to the Minister of Regional Economic Expansion (Mr. Marchand) and to the Minister of Finance (Mr. Turner). The subject was also raised in the regional development committee by the Atlantic Provinces Economic Council when they appeared before that committee in the course of examination of departmental estimates a few days ago.

Unlike the accelerated provisions in the present budget, it is interesting to note that in the Gordon budget of 1963 similar capital cost allowances were introduced, but they were for designated regions. Referring to these capital cost allowances, Mr. Gordon said, as recorded at page 980 of *Hansard* in March, 1964:

> They are of special importance because it is here that the greatest need for continued encouragement appears to lie.

He went on to say:

> It will take time, however, for areas that have lagged behind the general rate of expansion to attract the new enterprises that are expected to result from these tax inducements.

Accordingly, Mr. Gordon, in the course of that budget extended these provisions until April 1, 1967. Compare that with the present write-offs for equipment and machinery. They apply right across the country. They apply on a national basis. Consequently, we are disturbed over the effect this could have on the government's regional economic expansion policies as they apply to the designated regions. I believe, and I hope I can be proven wrong, that this could result and probably will result in reducing the attractiveness of the Regional Development Incentives Act which is the main thrust of the government's regional economic expansion policies.

Under ADIA, which was the forerunner of the Regional Development Incentives Act, assets purchased under these grants were fully depreciable at accelerated rates. The Atlantic Provinces Economic Council has said, and I share this view, that the present RDIA with respect to the write-off provisions of the present budget, should in fact operate in the same way.

[Mr. Kaplan.]

• (2130)

It is very interesting to note, Mr. Speaker, that APEC indicated that the present forecast of investment in the Atlantic provinces for this year will be down by 23 per cent. APEC on May 9 emphasized the importance of reviewing the procedures under the new provisions to ensure that this does not happen, to ensure that RDIA incentives are not diluted by the provisions of this budget.

I was very disturbed in the course of my questions to the Minister of Regional Economic Expansion (Mr. Marchand) because his answers on this very important subject seemed to indicate that he did not know much about it except that he had been present in cabinet when the budget had been discussed. This confirms a disturbing aspect of the government's regional development policy, a lack of consultation. There does not seem to have been any consultation between the Minister of Finance (Mr. Turner) and the Minister of Regional Economic Expansion before this write-off provision was incorporated in the present budget.

From time to time it was recommended that co-ordination is an essential feature if economic expansion and regional expansion policies of the government are to succeed. Mr. Speaker, the Atlantic Development Council in its first report recommended that there should be co-ordination especially in the area of the government's economic and fiscal policies. The budgetary provision which is designed to accelerate growth in manufacturing across the country could have the serious effect of diluting and weakening DREE grants and their effect on stimulating growth and employment in developing regions. For example, for firms in a 50 per cent corporate income tax category the real incentive value of an RDIA grant has been reduced by approximately 40 per cent in the first two years of operation of new equipment. This could be reduced more if you want to take interest into account.

The reason for this reduction, in relative attractiveness of designated areas to new investment, is that the portion of capital costs covered by RDIA grants is not depreciable for tax calculations. The remedy would be to allow faster write-offs for firms receiving a DREE grant or, more simply, to allow the full value of new capital investment to be used in depreciation allowances.

In relationship to the national average, I think it is worth mentioning unemployment. This has been referred to before in this debate but I think it bears repetition. Unemployment in the Atlantic region continues to be disproportionately and unacceptably high. Taking into account, for example, the peak unemployment month of January and February, unemployment in the Atlantic provinces for the last ten years has never gone below 9 per cent. For the last five years, when the government's regional development policies were supposed to have been operative, it has hovered around 10 per cent; this despite substantial DREE expenditures in the region on infrastructure and on incentive grants. Clearly, the government's regional development program is not working, certainly not in the Atlantic provinces.

The latest figures indicate that while the number of jobless remains unacceptably and disproportionately high, there is no appreciable change in the job situation. In other words, unemployment continues to rise while the

job opportunities remain the same. The March unemployment figures for this year released by Statistics Canada indicate an unacceptable jobless rate of 15.4 per cent in Newfoundland, 16.2 per cent in Prince Edward Island, 9 per cent in Nova Scotia and 12.6 per cent in New Brunswick. Mr. Speaker, the figures would have been considerably higher were it not for the government's LIP program which had some small effect on the over-all situation.

The accelerated depreciation provisions of the present budget will probably stimulate manufacturing in the industrial regions of the country and, hopefully, offset to some extent the American DISC program. However, unlike Mr. Gordon's budget of 1963 and notwithstanding the assurances made in the House today by the Minister of Finance, they will have little or no impact on the designated regions of the country. For example, according to figures contained in the first report of the Atlantic Development Council, manufacturing in the Atlantic region accounted for 13.4 per cent of total employment in the Atlantic provinces whereas the figure for the whole country was approximately 23.4 per cent.

Mr. Speaker, given this fact plus the dilution of the ability of RDIA to attract industry, all present regional economic expansion policies are doing in the Atlantic region is perpetuating the existing economic structure. They should in fact be changing the structure because it has been demonstrated through the years that the structure is unable to provide jobs for the region.

Given the situation that presently exists in the designated regions and the failure of the present government policies to have any appreciable effect on it, it is difficult to reconcile the absence of any reference to regional economic expansion in the budget now before the House. The Minister of Regional Economic Expansion refused to commit the government to the ten-year targets for the Atlantic region outlined in the first report of the Atlantic Development Council. In commenting on the minister's belated reaction to the Atlantic Development Council's first report which was tabled in the House in April, 1971, APEC in their newsletter of January 1972 said:

> The refusal of the minister to commit the Department of Regional Economic Expansion to the Atlantic Development Council's 1981 goals and targets for the Atlantic region is as inexplicable as it is disappointing. It calls into question once again the federal government's dedication to the long-term development of the Atlantic provinces on a planned and orderly basis and reinforces the suspicion that DREE is nothing more than a well financed giveaway program to the be extended or retracted according to the economic and political exigencies of the moment.

But Mr. Speaker, the government continues to pursue a regional development policy without clearly defined goals and targets. In this respect it seems to operate in a vacuum. After all, the Atlantic Development Council is charged by statute to giving the minister advice on the operation of the program in the Atlantic provinces. To put in the words of APEC—

> What is needed from DREE are specific goals and targets, benchmarks by which it may judge and be judged on its performance.

The unemployment rate of 4½ per cent for the Atlantic region, which was the target on the ten-year development strategy put forward by ADC, can hardly be described as Utopian. Nevertheless, it is a goal and one which in my view can be achieved given the proper national economic climate. The other agency which is charged with advising the minister under the statute setting up the department, the Canadian Council on Rural Development, in its third review said:

> What kind of time perspective has the department? In so far as the benefits of heightened employment and inform income levels in the growth centres are expected to "trickle down" and make their effect felt throughout the entire region in which the growth centre is located, how long is it anticipated the process will take?

Mr. Speaker, obviously they have refused to accept the ten-year target of the Atlantic Development Council. In face of that refusal, no alternate target or program has been put forward by the minister. The report further said:

> In a modern educated democracy it is not enough that the public be told what the government had decided to do. It is essential that they also be told why.

Given the substantial funds being expended on to the DREE program both for regional development incentives and on the program for infrastructure in the designated regions, surely it follows that the government has certain obligations. Surely it is incumbent on the government to say exactly what its objective is. I believe, and this view is shared by many, that unless there is a deliberate attempt to change the existing structure in the region and the approach to regional development in the region, and provide the kinds of incentives which will change the industrial structure there, all we are doing is perpetuating the status quo.

• (2140)

The report of the Canadian Council on Rural Development, to which I just referred, was released in July, 1970. In it were the recommendations I have referred to that were made to the minister. Nevertheless, we were told a few days ago when members of CCRD appeared before the standing committee on regional development that nothing has changed in the last two years and that the government had failed to respond to their recommendations. The principal recommendations of the council are as follows.

> practicable, be objectively defined and made public.
>
> 2. The economic assumptions taken into account by the department in planning should be also made a matter of public record.

Nobody really knows what the government is attempting to do. The latest unemployment figures clearly show a continuing unemployment situation. Present government policies are not having any appreciable effect on unemployment in the Atlantic provinces, in eastern Quebec or, for that matter, in other designated regions of the country. Given this fact, I find it difficult, almost impossible, to understand why the minister did not refer in his budget to the government's regional economic policies. Why did he not ease the minds of those who are concerned by indicating exactly what affect the accelerated write-off and depreciation provisions will have on the implementation of the Regional Development Incentives Act? If the debate continues, and if the Minister of Regional Economic Expansion takes part in it, I hope he will attempt to set the record straight. Until that happens, Mr. Speaker, this question will remain a matter of great concern to those of us in the Atlantic provinces who are involved in the government's regional development program.

Division

Mr. Knowles (Winnipeg North Centre): Question.

Mr. Deputy Speaker: Order, please. It being 9.45 o'clock p.m., it is my duty, pursuant to section (6) of Standing Order 60, to interrupt these proceedings forthwith and put the question on the subamendment.

The House divided on the amendment to the amendment (Mr. Saltsman) which was negatived on the following division.

• (2150)

(Division No. 18)

YEAS

Messrs:

Barnett
Beaudoin
Benjamin
Blackburn
Brewin
Broadbent
Burton
Douglas
Fortin
Gauthier
Gilbert
Gleave
Godin
Harding
Howard (Skeena)
Knight
Knowles (Winnipeg North Centre)
Lambert (Bellechasse)
Laprise
Lewis
MacInnis (Mrs.)
Matte
Nystrom
Orlikow
Peters
Rodrigue
Rondeau
Rowland
Saltsman
Skoberg
Thomson (Battleford-Kindersley)—31.

NAYS

Messrs:

Aiken
Alexander
Alkenbrack
Andras
Baldwin
Barrett
Basford
Béchard
Beer
Bell
Benson
Bigg
Blouin
Borrie
Boulanger
Breau
Buchanan
Caccia
Cadieu
Cantin
Chappell
Chrétien
Clermont
Coates
Comtois
Corbin
Corriveau
Côté (Longueuil)
Crossman
Crouse
Cullen
Cyr
Davis
Deachman
Deakon
Diefenbaker
Dinsdale
Drury
Dubé
Dupras
Duquet
Fairweather
Faulkner
Flemming
Forest
Forget
Forrestall
Foster
Gendron
Gervais
Gillespie
Goyer
Gray
Guay (St. Boniface)
Guay (Lévis)
Guilbault
Harkness
Hees
Hellyer
Hogarth
Hopkins
Howard (Okanagan Boundary)
Howe
Isabelle
Jamieson
Jerome
Kaplan
Laflamme
Laing (Vancouver South)
Lambert (Edmonton West)
Lang (Saskatoon-Humboldt)
Langlois
Laniel
La Salle
Leblanc (Laurier)
Lefebvre
Legault
Lessard (LaSalle)
Lessard (Lac-Saint-Jean)
Lind
Loiselle
Lundrigan
MacDonald (Egmont)
MacEachen
MacGuigan
MacInnis (Cape Breton-East Richmond)
Macquarrie
McBride
McCleave
McCutcheon
McGrath
McIntosh
McKinley
McNulty
McQuaid
Mahoney
Major
Marceau
Marchand (Kamloops-Cariboo)
Marshall
Mazankowski
Monteith
Morison
Muir
Murta
Nesbitt
Noble
Noël
Nowlan
O'Connell
Olson
Osler
Ouellet
Paproski
Pelletier
Pepin
Perrault
Portelance
Pringle
Prud'homme
Reid
Ritchie
Rochon
Roy (Timmins)
Roy (Laval)
Ryan
Rynard
Schumacher
Scott
Serré
Sharp
Skoreyko
Smith (Northumberland-Miramichi)
Smith (Saint-Jean)
Southam
Stafford
Stanbury
Stanfield
Stewart (Marquette)
St. Pierre
Sulatycky
Sullivan
Thomas (Maisonneuve-Rosemont)
Thomas (Moncton)
Thompson (Red Deer)
Tolmie
Trudeau
Trudel
Turner (London East)
Turner (Ottawa-Carleton)
Wahn
Watson
Weatherhead
Whelan
Whicher
Whiting
Woolliams
Yanakis—158.

Mr. Deputy Speaker: I declare the subamendment lost.

At 10.10 p.m. the House adjourned, without question put, pursuant to Standing Order.

HOUSE OF COMMONS

Tuesday May 16, 1972

The House met at 2 p.m.

ADMINISTRATION OF JUSTICE

STATEMENTS BY MEMBER FOR YORK SOUTH ALLEGEDLY REFLECTING ON JUDGES—REQUEST FOR UNANIMOUS CONSENT TO MOVE MOTION UNDER S.O. 43

Mr. Speaker: Yesterday the right hon. member for Prince Albert proposed to move a motion under Standing Order 43 in the following words:

That the subject matter of public statements made by the hon. member, and in particular those which are of a disparaging nature to the integrity and independence of the bench, be immediately referred to the Standing Committee on Justice and Legal Affairs.

Before putting the question the Chair expressed reservations about the procedural acceptability of the motion in accordance with the provisions of Standing Order 51. Although there appeared to be unanimous consent among hon. members to proceed with the debate, the Chair undertook to look into the procedural aspects of the proposed motion.

• (1410)

It should be pointed out that the unanimous consent of the House contemplated by Standing Order 43 has reference only to the setting aside of the notice requirements provided in Standing Order 42. That is the sole purpose of the Standing Order. It does not set aside the ordinary rules applicable to the form and content of motions.

Thus, when a motion is proposed under the terms of Standing Order 43 the Chair has an obligation to ensure that the ordinary usages of the House are observed. Even after the most serious and exhaustive consideration of the matter, the Chair has the same reservations as to the procedural aspects of a motion of this kind.

In the circumstances I would hope that it might be found possible either to redraft the motion and propose it in other terms or, if it is the unanimous desire of the House, to have a debate on this matter in some other form, perhaps under the provisions of another Standing Order or procedure. As hon. members know, there have been discussions in this regard. Hopefully, these consultations will result in due course in some understanding between all parties and individuals concerned. However, this is not for the Chair to decide, and for the moment I would have to leave this in the hands of hon. members themselves.

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, I rise on a point of order. In view of the reference Your Honour just made to discussions among the House leaders with regard to this matter, may I ask the government House leader whether the agreement we reached yesterday for a debate at nine o'clock tonight, on a different type of motion but with respect to this matter, will be put into effect?

Mr. MacEachen: Mr. Speaker, it is not entirely my responsibility to determine whether this can be or will be done. First of all, I would prefer to hear the views of the mover and the seconder of the motion in question. If there is a desire along those lines, I would certainly be happy to co-operate with the over-all wish to have a debate, but it is not my purpose to bring about a debate that may not be desired at this point.

Mr. David Lewis (York South): Mr. Speaker, in view of what has just happened, and on the basis of the notice which I gave you, I am forced to rise on a question of privilege, which I now do, because what occurred yesterday has resulted in a misrepresentation of what I have said—

Some hon. Members: Oh, oh!

Mr. Lewis: —and has got national attention in a thoroughly unfair way. Mr. Speaker, the first thing I want to say, in view of the attack made on me by the right hon. gentleman, is that I do not retract anything I said last Friday, nor do I make any apologies for having said it.

Some hon. Members: Oh, oh!

Some hon. Members: Hear, hear!

Mr. Lewis: The second thing I want to say is that the reports of what I said which appeared in the *Globe and Mail* and the Toronto *Star* were accurate reports. I do not claim that those reports in any way misquoted or misrepresented me, but I cannot say the same thing for what the right hon. gentleman from Prince Albert put before the House and before the people of Canada—

Some hon. Members: Hear, hear!

Some hon. Members: Oh, oh!

Mr. Lewis: —because what he said was a complete misrepresentation of what I said and, indeed, of what was reported in the papers to which I referred.

As recorded at page 2243 of yesterday's *Hansard* the right hon. gentleman said in part:

—I have never found it necessary to attribute the results to a politically partisan court. I admit that judges are not above criticism and they must be subjected to the constant searchlight of public opinion. But to condemn the judiciary blanket-wise as men virtually without integrity cannot be justified.

Later he said:

That means that the judiciary, unable to protect itself, is not independent.

The right hon. gentleman made these statements and I cannot permit these statements and misrepresentation to stand. I wish there had been a debate but since there is not one and I am not prepared to wait for tomorrow or the day after—this has gone across the country. I am entitled, I submit to you, Sir, to put the record straight now.

The right hon. gentleman may be prepared to let the matter stand now. He has had the publicity which of course he did his best to shun. No doubt his natural reticence was overcome by public demand.

Mr. Diefenbaker: Mr. Speaker—

Mr. Lewis: But I do not appreciate what he has done.

Mr. Diefenbaker: Mr. Speaker—

Mr. Speaker: Order, please. The right hon. gentleman rises on a point of order.

Mr. Diefenbaker: Mr. Speaker, I do not mind the hon. gentleman exculpating himself by misrepresentation or otherwise but to go into detail he did indicate he is prepared for a debate that is not going to take place.

Mr. Howard (Skeena): All because you do not want it.

Mr. Diefenbaker: I say that no point of privilege is involved in the way the hon. member is putting the matter before us.

Some hon. Members: Hear, hear!

Mr. Speaker: Order, please. I think the hon. member for York South ought to be given an opportunity to state the question of privilege. He has given the required notice under the Standing Order that he wished to raise the matter by way of question of privilege and the Chair is allowing him to do so at the present time. I might indicate that if the hon. member's question of privilege relates directly to statements made by another member, that other member will have the opportunity, under the practice of the House, to respond. I feel we should not have a debate at this time, but the hon. member for York South obviously has the right to indicate what the question of privilege is on which he seeks a ruling from the Chair.

Mr. Lewis: Mr. Speaker, I am sure that you will give me, in your usual fairness, the right to put my case, and the right hon. gentleman, who prides himself correctly on a sense of fairness, ought to have the courtesy to let me do it before he interrupts. I am sure he did not intend to be unfair but he was.

Some hon. Members: Oh, oh!

Mr. Lewis: I say, Mr. Speaker, that if the right hon. gentleman had any charge to make against me he should have made it in the proper way, prepared to take the consequences if his charge failed, just as I would be prepared to take the consequences if his charge succeeded.

I said nothing in my statement last Friday to question the integrity or independence of the judiciary.

Some hon. Members: Oh, oh!

Mr. Lewis: Not a single word in my statement dealt with that.

Some hon. Members: Oh, oh!

Mr. Lewis: If hon. gentlemen had read what I said, and I will be glad to send them a transcript of the tape, they would not scream so. Nor did I say anything about political bias—not a word.

What I said, Mr. Speaker, no doubt in an imperfect way, is the same as was said in this House by a very prominent member of this House and lawyer in this country. This gentleman said some years ago:

> Too often appointments to the judiciary in the past have been based on political services, and too often the qualification for appointment to the bench has been the fact that the applicant has been defeated for public office.

That statement, Mr. Speaker, is found on page 5254 of *Hansard* for 1944 and was made by the right hon. member for Prince Albert.

Some hon. Members: Hear, hear!

Mr. Speaker: Order, please. The hon. member might agree that at this point he is not proposing substantively the question of privilege which he would like the Chair to consider. This is debate and argument rather than setting forth the question of privilege itself.

• (1420)

Mr. Lewis: With respect, Mr. Speaker, when a member of this House is attacked in the House he has the right to set the record straight, and I intend to do that.

Some hon. Members: Hear, hear!

Mr. Speaker: Order, please. The hon. member, of course, has the right to do that but he has to do it within the rules and procedures of the House.

Mr. Lewis: Mr. Speaker, I respectfully suggest to you that I am not going beyond the rules of the House—

Some hon. Members: Oh, oh!

Mr. Lewis: —because that is precisely what the right hon. gentleman said in 1944 and many times since, as I could show if I had the time to look up his statements. That is precisely what I said last Friday. I said that many people who reach the bench are defeated Liberal or Conservative candidates and that the moment they reach the bench they think they are gods. As far as I am concerned, they are ersatz gods who do not have all wisdom.

Some hon. Members: Shame! Shame!

Mr. Speaker: May we have order, please. The hon. member for York South has the floor.

Mr. Lewis: Mr. Speaker, my remarks were directed entirely to judges in the field of labour relations, not to their performance as judges in other fields.

An hon. Member: That is not what you said.

Mr. Lewis: My remarks were related entirely to what I have found over the years, to the lack of understanding of labour relations that is shown by many on the bench. I ask your indulgence Mr. Speaker, to quote to the House a statement made by a very famous British judge, Lord Justice Scrutton, as found in the Cambridge Law Journal in 1921. Lord Justice Scrutton said this in relation to labour:

> . . . the habits you are trained in, the people with whom you mix, lead to your having a certain class of ideas of such a nature that, when you have to deal with other ideas, you do not give as sound and accurate judgment as you would wish. This is one of the great difficulties at present with labour. Labour says: "Where are your impartial judges? They all move in the same circle as the employers and they are all educated and nursed in the same ideas as the employers. How can a labour man or a trade unionist get impartial justice?"

Those are not my words. They are the words of Lord Justice Scrutton. He continues:

> It is very difficult sometimes to be sure that you have put yourself into a thoroughly impartial position between two disputants, one of your own class and one not of your class.

Those are the kind of words and that is the kind of thought that I expressed last Friday, and I make no apology for it.

Some hon. Members: Hear, hear!

Some hon. Members: Oh, oh!

Mr. Lewis: I clearly said in my statement, Mr. Speaker, that I was not defending the labour situation in Quebec, Indeed, I do not defend it. I believe that the best way is to get back to the bargaining table. I believe, furthermore, that the present course which the labour unions have taken in Quebec is leading them into a dead alley, which I regret.

Mr. Speaker: Order, please. I find it difficult to accept the position taken by the hon. member for York South. He has given notice to the Chair under the terms of Standing Order 17 of his intention to raise a matter by way of question of privilege, I assume to seek the advice of the Chair or a ruling by the Chair on whether there is a prima facie case of privilege which would be followed by a debate. If the hon. member makes a speech for a certain period of time, I wonder whether he is not making at this time the speech which he would want to make if there were a debate on the matter. I suggest respectfully to him, and in all kindness, that this is not my understanding of the procedure under Standing Order 17. The matter is serious and important. I appreciate the hon. member's point of view in wanting to allude to the statements which have been made, but an effort should be made by him to try to indicate exactly what the question of privilege is, why the hon. member feels that his privileges have been impaired, and why the matter should be ruled upon by the Chair.

Mr. Lewis: Mr. Speaker, if a debate had been arranged, as I thought was to be arranged, I would not have risen to my feet now, but since a debate has not been arranged, my point of privilege is a simple one. It is that I have been unfairly attacked and misrepresented before this parliament and the people of Canada. I cannot imagine any democratic parliament or assembly denying me the right to set the record straight and to tell this parliament and the people of Canada what I said and what I intended to say. I will not be very much longer. I ask Your Honour's indulgence to let me do this. Your Honour can put me down, but I certainly will not be seated by the catcalls round the House.

I said that I was not defending the labour situation in Quebec and I regret what is now taking place. I saw this situation in Quebec, I saw that the difficulties had been temporarily quieted and that there was an opportunity for the situation to straighten out. But then the judge in question handed down what I believe to be—and this is what I said—"were savage sentences which resulted in the turmoil which is now regrettably taking place in Quebec".

Some hon. Members: Order!

Mr. Lewis: I say to hon. gentlemen that if I had made a speech condemning the workers who are now causing the trouble, everyone here would have said I was a hero, but because I condemned the judge who imposed these sentences—

Some hon. Members: Order!

Mr. Speaker: Order, please. I have to insist that under the terms of Standing Order the hon. member is required to indicate what the question of privilege is. The hon. member may feel he has a right to redress and a right to explain the situation. He certainly has that. I am sure all hon. members want to give the hon. member for York South a chance to explain his position, but we should try to not have the debate which might have taken place in other circumstances.

The hon. member for York South suggests that he should have the opportunity at this time to make the speech he might have made on another occasion. I am not sure that is quite right. I think we should limit ourselves as much as possible to the question of privilege. Perhaps at some other time the hon. member might have an opportunity to pursue the line of thought which he is presenting to the House at the present time. Again I want to insist that the hon. member has rights, and I am sure I express the thoughts of all hon. members when I say we all agree the hon. member should be given an opportunity to express certain views in relation to the question of privilege.

Mr. Lewis: Mr. Speaker, the simple point I have tried to make is that what I said last Friday I believe is right in terms of our kind of society and our kind of judicial system.

Some hon. Members: Shame!

Mr. Lewis: I was an amateur student of jurisprudence and the philosophy of the law, and it has been held in many cases that judges are subject to criticism, that they are not free of criticism. What I did last Friday was to criticize the judge responsible for sentences that resulted from reckless ignorance of the forces at work in Quebec.

Some hon. Members: Oh, oh!

Some hon. Members: Order!

Mr. Lewis: Mr. Speaker, I had a right to make that kind of criticism, whether members agree with me or not. Therefore I was entirely unfairly misrepresented in the House. When I started to speak my intention was to move, and if Your Honour will permit me I will move, seconded by the hon. member for Winnipeg North Centre (Mr. Knowles) the following motion:

• (1430)

That the false charges made by the right hon. member for Prince Albert as recorded on page 2243 of Hansard for Monday, May 15, 1972, be referred to the Standing Committee on Privileges and Elections for consideration of report.

Some hon. Members: Hear, hear!

Mr. Speaker: The Chair will, of course, give consideration to the motion proposed by the hon. member for York South. In view of the fact that the motion is directed toward him, the right hon. member for Prince Albert is entitled under our procedure to say a few words in reference to the matter which might be helpful for the guidance of the Chair in determining whether the question should be pursued further either in the House or before a committee. The right hon. member for Prince Albert.

Some hon. Members: Hear, hear!

Mr. Diefenbaker: Mr. Speaker, I have been in this House a long while and I have always maintained the traditions of proper debate. I have never made a misrepresentation intentionally at any time. I am not going to say of the hon. gentleman, "Methinks he doth protest too much", but the degree of his annoyance and exuberant exaggeration can only be attributed to the different reaction he has received throughout the country than he received when he spoke to the steel workers. I would not for worlds misinterpret him on any occasion.

Mr. Lewis: But you did.

Mr. Diefenbaker: It is easy to say that. But the record is clear and definite on the interpretation which was made. What I had to say yesterday was said without my having read any of the editorial comments across the country.

Some hon. Members: Oh, oh!

Mr. Diefenbaker: I took the course I did because I was shocked that a member of parliament, a distinguished member of the bar with a tremendous income in the labour field, should have made disparaging remarks about the courts, whether or not he ever appears very often within the courts.

As to my interpretation of what the hon. member said, I need only look at the press. In the *Globe and Mail* there is an article headed, "Lewis For The Lawless". I shall not speak of the alliterative value of that headline, but of Messrs. Pepin, Laberge and Charbonneau the article says:

Repeatedly, deliberately and coldly they urged strikers to disobey injunctions. Insistently they urged strikers to ignore other union leaders who were counselling respect for the law.

It goes on:

This denigration of the courts makes it difficult to understand how reasonable and intelligent men who have an understanding and sympathy with labour's difficulties—

[Mr. Lewis.]

As I have, and I have acted for them without charge.

Some hon. Members: Hear, hear!

Mr. Diefenbaker: I shall omit the last sentence out of regard for the hon. gentleman as a most distinguished debater.

In the Ottawa *Journal* the heading above the leading article reads: "In Contempt Of Law". I am not going to read the article because I would not want to transgress as the hon. gentleman did. Then I see in the *Gazette* an article headed: "NDP's David Lewis Unfair, Non-factual, Irresponsible."

Some hon. Members: Oh, oh!

Mr. Speaker: Order, please. I believe I have to make the same remarks to the right hon. member as I did to the hon. member for York South. I am hoping we will not have at this point the debate which might be held in other circumstances. The hon. member for York South was given some leeway in expressing his point of view. The position of the right hon. gentleman, I suggest, is to give his views in relation to the hon. member's allegations with respect to his own statements in the House. Perhaps we might limit the discussion to that particular point.

Mr. Diefenbaker: I naturally desire to follow most meticulously the rules of the House, but those rules were transgressed so palpably by the hon. member who preceded me that it becomes necessary to explain. I shall simply say this. I understand how deeply he feels, because there are some people who, if there is a ten-acre field and only four cowflaps in it, would walk into them all.

Some hon. Members: Oh, oh!

Mr. Diefenbaker: We farmers use down to earth expressions. The hon. gentleman says I misinterpreted him. Well, Mr. Speaker, I read what he said. Instead of telling the people in his audience to use the rights open to them under the law, in other words, not to become self-appointed martyrs, instead of telling them that they had the right to appeal which would have cleared up the matter simply, he did nothing of the kind except in a general way. All I would say is that if I misinterpreted the uncertainties and the sinuosities of the hon. gentleman's speech, then I am in good company in all the press all over Canada.

Some hon. Members: Hear, hear!

Mr. Speaker: Order, please. There can be no further debate on this point. The Chair will have to make a ruling whether or not there is a prima facie case of privilege. If an affirmative ruling were made there would be a debate which could go on for the rest of the day, with the motion proposed by the hon. member being put to a vote eventually. I would suggest that the matter might be held in abeyance.

It should be noted that the question of privilege raised by the hon. member for York South was based on the assumption that there would not be a debate. My understanding is that there is still a possibility that there might be discussions. Certainly there are many possibilities open to hon. members—the submission of another motion

which might be more acceptable under the terms of Standing Order 43, for instance. Then there is the possibility of discussion during the budget debate. There are other procedural avenues open to hon. members. If it could be arranged, it would be much better for hon. members to debate this lively issue under another Standing Order rather than under Standing Order 43 or on a question of privilege.

I have always hesitated, and still hesitate, to agree that the conduct or statements of hon. members—for example, the statement made by the hon. member for York South or the statement by the right hon. member for Prince Albert—ought to be put to the scrutiny of a committee of the House. I cannot believe this is the unanimous wish of hon. members. I would still hope that through consultation hon. members might find among themselves a way of resolving this matter. For the moment I think nothing would be gained by my ruling that there is a prima facie case of privilege and suggesting that there be a debate on the subject from this moment on. Is the hon. member rising on a point of order?

• (1440)

Mr. Brewin: Mr. Speaker, I rise on a point of order. The only contribution that I want to make is to say something to Your Honour about whether there is in fact, in our judgment, a prima facie case of privilege.

Mr. Speaker: Order, please. If the hon. member is allowed to do that, all hon. members would be allowed to and we would effectively have the debate that I suggest ought not to be had. The practice of the House is very clear. The Chair hears the hon. member who rises on the proposed question of privilege, and it has been the practice of the House, respected very generously, I might say, by hon. members, that the hon. member whose conduct and statements are referred to essentially by the proposed question of privilege is allowed to reply, as has been the case today. Certainly we would be embarking upon a dangerous course if, in addition to such statements, we allowed the hon. member for Greenwood and another 10, 15 or 20 members to speak to the question of privilege and to indicate why they think there is or is not a prima facie case. I do not think the hon. member should be allowed to do that.

Mr. Brewin: Mr. Speaker, on the point of order, naturally I accept Your Honour's ruling but I thought that Your Honour had asked for advice on the point of privilege. I did not intend to join in any debate, which Your Honour has ruled is not acceptable at the present time, but I did want to make to Your Honour some observations on the point of privilege.

Mr. Speaker: I am suggesting that that is contrary to the practice of the House. I would earnestly suggest to hon. members that I do not think this kind of contribution made by the hon. member for Greenwood or by other hon. members would be helpful to the Chair.

Mr. Douglas: Mr. Speaker, on the point of order, I think it would be helpful to the House if we knew whether or not Your Honour has decided that the hon. member for York South does have a prima facie case of privilege, or whether Your Honour is postponing the matter and will give a decision later.

Mr. Speaker: I thought I had indicated that. I indicated that I should like to take the matter into consideration. I thought I also indicated that I had serious reservations about ruling that there was a prima facie case of privilege. As I have said, I have always had doubts as to the advisability of sending a matter where the conduct of a member is impugned to a committee of the House. I may be wrong, but to my mind I feel that the moment there is a prima facie question of privilege that is, in a way, a reflection upon an hon. member. This is why I have hesitation in saying that we should proceed on that basis.

I am not going to make a decision now. I am taking into account the fact that there have been discussions among hon. members and I am hoping some way can be found, if it is the desire of hon. members, to have a further debate on the matter. I trust that in the hours or days ahead some resolution along those lines may be arrived at as a result of consultations inspired by good will.

ROUTINE PROCEEDINGS

EXTERNAL AFFAIRS AND NATIONAL DEFENCE

First and second reports of Standing Committee on External Affairs and National Defence—Mr. Wahn.

[*Editors's Note: For text of above reports, see today's Votes and Proceedings.*]

* * *

OIL

PROPOSED TAPS TANKER ROUTE—REQUEST FOR UNANIMOUS CONSENT TO MOVE MOTION UNDER S.O. 43

Mr. Frank Howard (Skeena): Mr. Speaker, I desire to move a motion pursuant to Standing Order 43 on a matter of urgent and pressing necessity. My motion relates to the decision made yesterday by the House to communicate its concern about the movement of oil in tankers down the coast of British Columbia to the government of the United States. Therefore, apropos, of that I move, seconded by the hon. member for Comox-Alberni (Mr. Barnett):

That this House authorizes the Standing Committee on Fisheries and Forestry to conduct an examination of the proposal to move oil by tanker from Valdez Bay in Alaska to Cherry Point in Washington with a view to developing and preparing supporting evidence relative to the concern expressed by this House on May 15, 1972, on the question of the said oil tanker route in order that such supporting evidence may also be transmitted to the government of the United States of America.

Mr. Speaker: Hon. members have heard the motion proposed under the terms of Standing Order 43. Does the House give unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

Mr. Speaker: There is not unanimity. The hon. member's proposed motion cannot be put.

Mr. Howard (Skeena): Mr. Speaker, on a point of order, I wonder whether we could have some explanation of why the Liberal party denies this motion but agreed to the motion proposed yesterday?

Mr. Speaker: Order, please.

Mr. Howard (Skeena): Is it a matter of having a two-faced policy on this question?

Mr. Speaker: Order, please.

* * *

CANADA DEVELOPMENT CORPORATION ACT

AMENDMENT TO AUTHORIZE ESTABLISHMENT OF MINERAL PROCESSING PLANT IN NORTHWESTERN BRITISH COLUMBIA

On the order: Introduction of Bills.

Mr. Howard (Skeena)—Bill intituled: "An Act to amend the Canada Development Corporation Act (mineral processing)".

Mr. Speaker: Before proposing the motion of which notice has been given by the hon. member for Skeena, it might be appropriate for the Chair to offer one or two brief observations.

At first glance it does appear that the title of the proposed bill may be defective in that, while it purports to amend the Canada Development Corporation Act, it does, in effect, give that body, or some other corporation, the power or authority to establish a smelter or refinery in northwestern British Columbia under the provisions of the Canada Development Corporation Act. Ordinarily, it seems that authority of that kind is granted under the provisions of private legislation.

Additionally, there is the question of the propriety or legality of endeavouring to direct the use of the funds of the corporation which, in part, consist of private as well as public moneys.

The procedural difficulties to which I have alluded should be considered in due course by the House and by the Chair. The motion will be put at this time without ruling on the question immediately, subject to further scrutiny of the question in due course.

Mr. Frank Howard (Skeena) moved for leave to introduce Bill C-210, to amend the Canada Development Corporation Act (mineral processing).

An hon. Member: Explain.

Mr. Howard (Skeena): Mr. Speaker, someone has asked me to explain but I think you have done that adequately by indicating the purpose of the bill. It seeks to stop the export of job opportunities for Canadians in regard to processing of minerals in this nation by seeking to give the Canada Development Corporation, a body set up by this parliament, the authority, either by itself or in conjunction with other corporations or with the province of British Columbia, to build a smelter and/or refinery in British Columbia.

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

* * *

ELECTION EXPENSES BILL

AMENDMENTS TO CANADA ELECTIONS ACT AND INCOME TAX ACT

Hon. Allan J. MacEachen (President of the Privy Council) moved for leave to introduce Bill C-211, to amend the Canada Elections Act and the Income Tax Act in respect of election expenses.

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

• (1450)

ORAL QUESTION PERIOD

THE CANADIAN ECONOMY

REASON FOR LABOUR FORCE FLUCTUATIONS—ADEQUACY OF BUDGET MEASURES TO PRODUCE SUFFICIENT STIMULATION

Hon. Robert L. Stanfield (Leader of the Opposition): Mr. Speaker, I should like to direct a question to the Minister of Finance who a few days ago referred to his expectation that there would be fluctuations in the labour force for some months ahead. This has been borne out by the report from Statistics Canada for the month of April compared with the month of March. I will not ask the minister to engage in any lengthy explanation, but can he say in a few words why this phenomenon is taking place at this time?

Hon. John N. Turner (Minister of Finance): Mr. Speaker, I spoke about the fluctuation in the month to month figures in the budget speech a week ago Monday and have nothing further to add except that, while I take some encouragement from the trend represented by today's figures, it is still small encouragement for the 600,000 men and women who are out of work.

Mr. Stanfield: Mr. Speaker, I am sorry the minister takes encouragement from this because I was going to ask him whether, in view of the fact that employment in three very employee-intensive industries, manufacturing, services and recreation, and sales declined in the month of April compared with the month of March, he would review his position that the economy has sufficient stimulation under the measures he proposed last week.

Mr. Turner (Ottawa-Carleton): I stand by the position I presented to the House in the budget, and obviously the hon. member, if he disagrees with it, will continue the debate.

Mr. Stanfield: Mr. Speaker, again expressing disappointment that the minister is encouraged by this reduction in employment in these labour-intensive industries, I should like to ask him whether he would at least immediately review his decision to maintain in effect the 3 per cent increase in income tax which is to become effective on January 1 next?

Mr. Turner (Ottawa-Carleton): Mr. Speaker, I would think the stimulus given to the industrial part of the economy will be a welcome remedy for the particular factors to which the hon. gentleman is referring.

* * *

INDUSTRY

MICHELIN TIRE COMPANY—POSSIBLE EXEMPTION FROM CUSTOMS DUTIES ON CERTAIN IMPORTS

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, I have a question for the Minister of Finance. In view of the fact that the employment prospects of some 11,000 rubber workers in Ontario and Quebec hinge upon the government's decision in the Michelin case in Nova Scotia, would the minister for once give us a clear answer to the question of whether or not the government has given the Michelin Corporation the right to import certain tires into this country duty-free for two years or does it intend to give that right in the near future?

Hon. John N. Turner (Minister of Finance): I have already been clear about that. Whatever the decision is, it will not affect the Ontario part of the industry in the way the hon. member alleges.

Mr. Broadbent: I have a supplementary, Mr. Speaker. I want to phrase it politely. The minister suggested he has made the answer clear, but with respect I suggest it is anything but clear.

Mr. Speaker: Order, please. The hon. member will appreciate that whether or not a question is clear is debate. The hon. member and the minister could spend quite a bit of time on this point.

Mr. Broadbent: I will rephrase the question, Mr. Speaker. Will the minister answer this question: Has the government granted the Michelin Corporation such a right or does it intend to do so in the future?

Mr. Turner (Ottawa-Carleton): I have said to the hon. member on two occasions that the government has not granted that right.

[*Translation*]

Mr. Speaker: Does the hon. member for Richmond wish to ask a supplementary? If not, the Chair will recognize the hon. member for York South.

Mr. Beaudoin: No, Mr. Speaker.

[*English*]

MANPOWER

LAY-OFFS BY MICROSYSTEMS INTERNATIONAL—USE OF FUNDS ALLOTTED TO COMPANY BY GOVERNMENT

Mr. David Lewis (York South): Mr. Speaker, I have a question for the Minister of Manpower and Immigration arising out of a report that Microsystems International has laid off some 50 employees and plans to lay off more. In view of the fact that Microsystems International has been allotted more than $31 million under the defence industry program, of which over $8 million was spent by March 31, 1971, and in view of the fact that Microsystems International sells its products to Northern Electric of which it is a wholly-owned subsidiary, has the minister looked into the matter of these lay-offs and whether there will be further lay-offs and has he discussed the question of the allotment of funds to that company in view of the lay-offs?

Hon. Bryce Mackasey (Minister of Manpower and Immigration): Mr. Speaker, I think the hon. member will agree there are many questions in his question. The Department of Manpower, of course, is aware of the lay-offs and can only place at the disposal of the company the traditional facilities of the department and provide the facilities at our disposal for the people who are unemployed. I have tried to find out as precisely as possible the future prospects of employment in Northern Electric and intend to visit that company personally some time next week.

Mr. Lewis: Mr. Speaker, may I direct a supplementary to the Minister of National Defence under whom I believe the defence industry program comes. It has been indicated that it comes under the Minister of Industry, Trade and Commerce. May I ask that minister whether there have been any discussions with this subsidiary of Northern Electric about the very large sum of money allotted to it and whether it is using that money properly in view of the lay-offs which are now taking place and are threatened for the future?

Hon. Jean-Luc Pepin (Minister of Industry, Trade and Commerce): Mr. Speaker, the fact that a company receives money from the government for one reason or another, be it regional development or research and development, does not assure that the company will not experience any difficulties for centuries to come. Indeed, I do not really understand the purport of the question in the way in which it is formulated now.

Mr. Lewis: Mr. Speaker, may I formulate the question again and perhaps make it clear. In view of the very large allotment of funds to Microsystems International and in view of the fact it claims to have had losses through sales to its parent company and therefore is laying off people—all its sales are made to Northern Electric, its parent corporation—I ask the minister whether he intends to look into the situation to see whether the funds which the government has made available and has undertaken to make available in the future are being used in a proper way or whether the company is not carrying on its busi-

ness as it should and should not be allotted any further funds?

Mr. Pepin: I will gladly look into this, Mr. Speaker.

[*Translation*]

LOCAL INITIATIVES PROGRAM—SUGGESTION THAT MUNICIPALITIES SELECT PROJECTS—DISCUSSION BETWEEN FEDERAL AND MUNICIPAL AUTHORITIES

Mr. Réal Caouette (Témiscamingue): Mr. Speaker, I should like to put a question to the right hon. Prime Minister in view of the absence of the Secretary of State.

With regard to the Opportunities for Youth program or the Local Initiatives program, does the government intend to allow municipalities to select their projects or will the selection continue to be made here in Ottawa or in Montreal? Have arrangements been made to consult the municipalities involved which know their own needs very well?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I believe the question of the hon. member applies to the Local Initiatives Program. The minister in charge is here in the House; the hon. member may wish to direct the question to him.

Mr. Caouette: Mr. Speaker, I asked the question with regard to LIP, but I would not want the minister to overlook the Opportunities for Youth projects which interest municipalities.

Can the Minister of Manpower and Immigration tell us whether, in the future, the government or the officials of his department intend to consult the municipalities when time comes to grant subsidies for LIP projects?

[*English*]

Hon. Bryce Mackasey (Minister of Manpower and Immigration): Mr. Speaker, because we are very sensitive about the rights of the provinces, our dialogue and communications with the municipalities during the winter took place through the provincial authorities. In other words, a sum of money was placed at the disposal of the provinces to be allocated according to their criteria to specific municipalities within the provinces.

• (1500)

[*Translation*]

Mr. Caouette: Mr. Speaker, I would like to ask a supplementary.

I understand the minister's explanation that municipalities must obtain the province's approval but since provincial authorities always reply: Yes, your project has been accepted; it is now up to Ottawa to say yes or no, could the minister tell us if Ottawa is in a position to consult the municipalities involved?

[*English*]

Mr. Mackasey: What I did was to announce some weeks ago that projects of the type the hon. gentleman is describing so aptly could be extended until the middle of June because of the red tape that had been synonymous with municipal programs. In other words, these projects can be continued beyond the end of May until the middle of June or even slightly beyond that time in order that they may be completed.

REASONS FOR LOWER PARTICIPATION RATE OF YOUTH IN LABOUR FORCE—GOVERNMENT ACTION

Mr. David MacDonald (Egmont): Mr. Speaker, in view of the report today by Statistics Canada that there has been a smaller than usual increase in the participation rate of those under the age of 24 but still a quarter of a million young people looking for work, and as this was before those in institutions of higher education came into the labour force, I wonder whether the Prime Minister has made any inquiries or whether any inquiries will be initiated by the government to see whether the reason for this lower participation rate is that young people have dropped out of the labour force and may now be enlarging the welfare rolls in various provinces?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, that may be one explanation of the erratic figures in the participation rate, but I believe that various ministers have stated at different times that the participation rate is moving with a great deal of inconsistency at present, and we are trying to find the explanations for that. I understand that even certain forecasting circles are refusing to forecast the rate of unemployment because of the erratic nature of the participation rate. We are trying to find the answer to the very helpful suggestions of the hon. member.

Mr. MacDonald (Egmont): About eight weeks ago when there was a larger than usual increase, the Prime Minister gave me a somewhat similar answer and suggested at that time that the whole problem was being examined in some detail—

Mr. Speaker: Order, please. Perhaps we should try to limit the length of questions. The question period started some ten minutes ago, and I believe we have had only three questions. If we have lengthy questions, many of our colleagues will be left on the sidelines.

Mr. MacDonald (Egmont): Can the Prime Minister indicate when we may have specific answers with regard to this continuing problem, and second, whether or not special action is being taken by the manpower counselling office set up for young people in the last few weeks?

Mr. Trudeau: In answer to the first part of the question, discussions have taken place between various officials and officials of Statistics Canada in order perhaps to arrive with greater precision at the real unemployment figure and to gain more knowledge of the participation rate. I do not think that the results of those discussions are apparent yet in any conclusions.

Mr. MacDonald (Egmont): In connection with the second part of that question, may I direct a question to the Minister of Manpower and Immigration who might indicate whether, in view of the still very large number of over a quarter of a million unemployed young people, special action is being taken by his department to deal with this very serious problem?

Hon. Bryce Mackasey (Minister of Manpower and Immigration): There has been no new program, Mr. Speaker, other of course than in the Department of Manpower and Immigration. Efforts have been made to make the present plans more beneficial. One example is that there will probably be three times as many students travelling and working in Europe as a result of manpower initiatives than at this time last year. In addition, many of the young people will be working on local initiatives programs that have been extended to the extent of $30 million.

* * *

TRADE

INCREASE IN IMPORTS—REQUEST FOR STATEMENT ON GOVERNMENT ACTION TO COUNTERACT TREND

Hon. George Hees (Prince Edward-Hastings): Mr. Speaker, I have a question for the Minister of Industry, Trade and Commerce. As imports into Canada have increased at three times the rate of exports during the first four months of this year, thereby showing that countries selling in Canada did so far more aggressively than Canadians selling abroad, would the minister take the first opportunity on motions to outline—

Mr. Speaker: Order, please. The hon. member will appreciate that this kind of question is not in order. He is making an argument. That is not a question and it is difficult for the Chair to allow the hon. member to proceed.

Mr. Hees: Would the minister take the first opportunity on motions to outline to the House what steps his department is taking in the immediate future to counteract this trend?

Hon. Jean-Luc Pepin (Minister of Industry, Trade and Commerce): Mr. Speaker, most people who pay attention to these matters have already understood the situation which simply is that the economies of the industrialized countries of the world are not growing very rapidly and in some cases are declining. This makes Canadian exports, particularly of industrial materials, more difficult—

Mr. Speaker: Order, please. The minister should not make a statement now.

Mr. Hees: Mr. Speaker, as the drop in Canadian exports has been largely in manufactured goods, those that produce jobs, and as these can be sold abroad actively, as another government once proved, would the minister take the first opportunity on motions to outline what steps he intends to take? Let him just say yes or no.

Mr. Pepin: I do not accept the postulate and that is why I cannot agree with the conclusion.

POLLUTION

PHOSPATE CONTENT OF DETERGENTS—GOVERNMENT POSITION

Mrs. Grace MacInnis (Vancouver-Kingsway): Mr. Speaker, my question is directed to the Minister of the Environment. In light of the commitment given by the minister last October that the phosphate content in household detergents would be reduced to not more than 5 per cent by the end of 1972, will the minister say, in view of recent press reports, whether this commitment still stands?

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

* * *

FISHERIES

POSSIBLE REORGANIZATION OF DEPARTMENT

Mr. James A. McGrath (St. John's East): Mr. Speaker, does the Minister of Fisheries intend to carry out any reorganization of his department in order to arrest what appears to be a downgrading of the fisheries service within the department, especially in the light of the recommendation made to the minister by the Fisheries Council of Canada?

Hon. Jack Davis (Minister of Fisheries): Mr. Speaker, since there is no downgrading of the fisheries service, I do not think any reorganization would be warranted.

* * *

BUSINESS OF THE HOUSE

INQUIRY AS TO TIME FOR DISCUSSION OF BILL C-174

Hon. Paul Hellyer (Trinity): Mr. Speaker, I wish to direct a question to the President of the Privy Council. Would the House leader make government time available later this week for passage through the House of Public Bill C-174 in order to assure reasonable competition in the coming election?

Hon. Allan J. MacEachen (President of the Privy Council): Mr. Speaker, government time this week is very precious, and I am afraid I cannot accede to the hon. member's representation.

Mr. Hellyer: In view of the pressure on government time this week, would the House leader give his undertaking for next week?

Mr. MacEachen: I would be glad to consider that further representation for later in the session.

Inquiries of the Ministry

FISHERIES

ATLANTIC SALMON FISHERY CLOSURE—COMPENSATION TO FISHERMEN

Mr. Lloyd R. Crouse (South Shore): Mr. Speaker, I wish to direct my question to the Minister of Fisheries—careful, George, my mike is open.

Mr. Hees: Saved again.

Mr. Crouse: In view of the statement by the president of the Southeast Fishermen's Association in New Brunswick that the salmon fishermen would start fishing operations by June 1 unless a common rate of compensation is paid to all fishermen, has the minister established a sound and acceptable proposal to cover the salmon fishermen's loss of time, fishing gear and income?

Hon. Jack Davis (Minister of Fisheries): Mr. Speaker, discussions have been held with representatives of the fishermen's groups in the Maritime provinces and a formula has been struck which will be offered to fishermen individually in that area.

Mr. Thomas M. Bell (Saint John-Lancaster): Mr. Speaker, would the minister give every assurance that he will deal directly with the fishermen themselves in the negotiations?

Mr. Davis: Yes, it is our intention to negotiate fisherman by fisherman and to reach a settlement on the form of compensation which I believe will be satisfactory to the fishermen.

Mr. Walter C. Carter (St. John's West): My supplementary question is for the Minister of Fisheries, Mr. Speaker. Will all full-time fishermen who have been denied a licence to fish for salmon receive compensation from the department?

Mr. Davis: Yes, Mr. Speaker.

ATLANTIC SALMON FISHERY CLOSURE—REQUEST FOR TABLING OF COMPENSATION FORMULA

Mr. Thomas S. Barnett (Comox-Alberni): Mr. Speaker, my supplementary question is for the Minister of Fisheries. If I heard him correctly, he made reference to a formula being struck which would form the basis for settlement with individual fishermen. Would the minister agree to table the formula in the House so that members can have an opportunity of examining it?

• (1510)

Hon. Jack Davis (Minister of Fisheries): Mr. Speaker, perhaps this evening, when the Fisheries and Forestry Committee meets on the subject of salmon, might be a more appropriate time and place to table it.

[Mr. MacEachen.]

[*Translation*]

LABOUR RELATIONS

ADOPTION OF BILL 19 BY QUEBEC NATIONAL ASSEMBLY—STATEMENT OF MINISTER OF REGIONAL ECONOMIC EXPANSION

Mr. Gilbert Rondeau (Shefford): Mr. Speaker, I have a question for the right hon. Prime Minister.

When the Minister of Regional Economic Expansion stated in Joliette, during the weekend, that Quebec government Bill-19 should never have been accepted, was he expressing the views of the federal government, or was he speaking as a former labour leader?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I am not aware of such a statement but if a provincial legislation is involved it is of course not subject to federal government policy, unless it were considered anticonstitutional, which I have no knowledge of.

Mr. Rondeau: I have a supplementary, Mr. Speaker.

Could the right hon. Prime Minister nevertheless tell us whether the Minister of Regional Economic Expansion was expressing the views of the federal government when stating that Bill 19 should never have been accepted?

Mr. Trudeau: It is a matter, Mr. Speaker, of knowing what he did say and when the hon. member is quoting the word "accepted", I don't know what is involved. Accepted by whom?

* * *

[*English*]

HOUSING

POSSIBLE ADDITIONAL ACTION TO KEEP DOWN INTEREST RATES ON MORTGAGES

Mr. Robert McCleave (Halifax-East Hants): Mr. Speaker, my question is directed to the Minister of State for Urban Affairs. Does the government intend to take any measures to keep down interest rates for housing in addition to the new residential mortgage financing bill?

Hon. Ron Basford (Minister of State for Urban Affairs): Mr. Speaker, the measures introduced yesterday by way of a bill will assist in that endeavour.

* * *

ROYAL CANADIAN MOUNTED POLICE

PLANS FOR CENTENNIAL CELEBRATION

Mr. Allen B. Sulatycky (Rocky Mountain): Mr. Speaker, because the time is getting short and because many communities are planning to hold celebrations in conjunction with the centennial of the Royal Canadian Mounted Police, can the Solicitor General advise when he will be announcing the plans of the federal government in that regard?

[*Translation*]

Hon. Jean-Pierre Goyer (Solicitor General): Mr. Speaker, this program is now being finalized and I intend to make it public on the 99th anniversary of the Royal Canadian Mounted Police next May 23.

[*English*]

PLANS FOR CENTENNIAL CELEBRATION—POSSIBLE ISSUANCE OF COMMEMORATIVE SILVER DOLLAR

Mr. Frank Howard (Skeena): Mr. Speaker, I wish to direct a supplementary question to the Solicitor General. Will he also announce at that time, or before the fact, that the Mint is going to strike a special silver dollar for that celebration?

* * *

AIR CANADA

REASON FOR REDUCTION IN NUMBER OF FLIGHTS FROM WINNIPEG TO EUROPE

Mr. Doug Rowland (Selkirk): Mr. Speaker, my question is directed to the Minister of Transport. It refers to one I asked him about ten days ago concerning the reduction of air services to Europe from western Canadian airports. At that time he undertook to provide an answer later. I wonder if he has the answer now?

Hon. Donald C. Jamieson (Minister of Transport): Yes, Mr. Speaker. I am advised by Air Canada that the reduction is for a limited or interim period only between the end of the winter-spring schedule and the start of the summer schedule. If the service has not yet been restored to what it was previously, it very shortly will be.

* * *

INDIAN AFFAIRS

CLOSING OF FRIENDSHIP CENTRES—REASON FOR WITHDRAWAL OF FUNDS

Mr. Paul Yewchuk (Athabasca): Mr. Speaker, my question was intended for the Minister of Indian Affairs and Northern Development but he is not here and neither is his parliamentary secretary so I will direct it to the Prime Minister. In view of the fact that an Indian friendship centre in Toronto has closed and that three others are about to close, can the Prime Minister say why funds have been withheld from these centres and whether anything is being done to ensure that funds are made available as expected?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I apologize to the hon. member. I did not understand the question. I will read it in *Hansard* and try to give an answer.

Mr. Osler: I have a supplementary to the previous question.

Mr. Ryan: On a supplementary—

Mr. Yewchuk: Mr. Speaker, I want to ask a supplementary, if that is all right with you.

Mr. Speaker: Order, please. It seems we now have three supplementaries. Perhaps I should first recognize the hon. member for Winnipeg South Centre who has a supplementary to the previous question, and then the hon. member for Athabasca followed by the hon. member for Spadina.

* * *

AIR TRANSPORT

MANITOBA BILL IMPOSING TAX ON OVERFLIGHTS ACROSS PROVINCE—SUGGESTED EXAMINATION OF CONSTITUTIONALITY

Mr. E. B. Osler (Winnipeg South Centre): Mr. Speaker, this question is directed to the Minister of Transport and it also concerns airlines. The Manitoba Government's Bill 21 does several things, but in view of the implications this measure appears to have for the free operation of mainline airlines and the development of northern transportation, as well as weakening the federal government's regional airline policy for Manitoba and the northwest, does the minister intend to have the constitutional legality of this legislation examined?

Mr. Speaker: Order, please. This is clearly not a supplementary question. I find it difficult to allow the hon. member to ask a question when he seeks the floor on what is allegedly a supplementary and it is clearly not so. At the same time the hon. member has taken the time of the House to ask the question, and the minister might be allowed to reply.

Hon. Donald C. Jamieson (Minister of Transport): Mr. Speaker, I have asked for a copy of the bill in question. I will have it examined and report back later as to its ramifications.

* * *

INDIAN AFFAIRS

FRIENDSHIP CENTRES—DEPARTMENTAL RESPONSIBILITY FOR GRANTS

Mr. Paul Yewchuk (Athabasca): Mr. Speaker, I want to direct this question to the Prime Minister. Can he indicate whether a decision has yet been made as to which department, that of the Secretary of State or that of the Minister of Indian Affairs and Northern Development, is responsible for grants to Indian friendship centres?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, as a general principle both departments have authority to give grants to assist Indians and other groups of citizens to pursue their studies and representations. That is the principle, but if the hon. member has a question relating to any specific centre I could find out which of the two departments is in fact dealing with it.

Inquiries of the Ministry

FRIENDSHIP CENTRE, TORONTO—REASON FOR DELAY IN GRANT

Mr. S. Perry Ryan (Spadina): Mr. Speaker, my supplementary is also directed to the right hon. Prime Minister. As the grant to the Toronto Indian friendship centre was apparently promised by the Secretary of State's department, as a grant from the province is dependent on the federal grant, and as the centre has been forced to close its doors because of the delay, would the Prime Minister look into the situation forthwith with a view to straightening out where this federal grant should come from?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I take it from the hon. member's question that the federal grant, if it is to come, would come from the Secretary of State's department. Therefore, I will refer the question to him and ask him to reply to the hon. member in the House.

* * *

UNEMPLOYMENT INSURANCE

REQUEST FOR EARLY STATEMENT ON DEFINITION OF INCOME

Mr. T. C. Douglas (Nanaimo-Cowichan-The Islands): Mr. Speaker, I wish to direct a question to the Minister of Manpower and Immigration. For some time the minister has been looking into the matter of reviewing the regulation defining income under the Unemployment Insurance Act. Has the minister reached any decision with respect to that regulation, and is he able to make any report?

Hon. Bryce Mackasey (Minister of Manpower and Immigration): Mr. Speaker, I must apologize for not being able to report fully. I have been away from the House more than is customary in recent days. I will look into the matter and see if we have arrived at conclusions on the basis of the representations received from the affected groups, both employers' associations and employees' associations.

Mr. Douglas: In view of the fact that this was one of the big hang-ups in handling unemployment insurance payments last winter, can the minister assure the House that this matter will be clarified before the House prorogues?

Mr. Mackasey: Mr. Speaker, I will admit that this was one of the reasons for the delays but I would remind the hon. gentleman that with a plan such as we have put together, providing up to $100 a week under very liberal conditions—I am talking about small "l" liberal conditions—someone has to pay for it and—

Mr. Speaker: Order, please. I really think we are entering into debate between the hon. member and the minister.

[Mr. Trudeau.]

• (1520)

[*Translation*]

FEDERAL-PROVINCIAL RELATIONS

STATEMENT BY PREMIER BOURASSA ON FEDERALISM—POSITION OF FEDERAL GOVERNMENT

Mr. Roch La Salle (Joliette): Mr. Speaker, I have a question for the Prime Minister.

Sunday night the Quebec premier publicly stated that he was gradually losing faith in the principle of a viable federalism, because of the lack of consultation prior to some federal decisions. Considering the circumstances, can the Prime Minister give us the assurance that, from now on, prior consultations will take place between the two governments with regard to any question having a direct or an indirect bearing on the province of Quebec?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I think that, for the past four years, this government has shown that it was ready to consult the provinces more than any other federal government in the past.

As for the practice followed in certain areas, an exchange of correspondence between Premier Bourassa and myself, between September and March, indicated that we were even prepared to insert in our statutes methods of payment which would depend on the provincial legislation. We were prepared to do this not only in the field of family allowances, but also, as indicated in my letter, in other fields. This letter has unfortunately remained without effect, on the one hand, because discussion was centred on family allowances and, on the other hand, because the other subjects could not be raised. However, the attitude of the federal government still remains the same: We wish to consult the provinces as much as possible and we shall keep on doing so provided, of course, the latter do not break negotiations with us.

Mr. Speaker: Does the hon. member for Lotbinière wish to put a supplementary question to the right hon. Prime Minister?

QUEBEC POSITION RESPECTING RECENT BUDGET—CONTENTS OF CORRESPONDENCE ALLEGEDLY EXCHANGED

Mr. André Fortin (Lotbinière): Yes, Mr. Speaker. Since the Quebec premier on that occasion spoke of changing his government strategy for the development of future federal-provincial relations and even of retaliating, has the federal government received since then any communication from the Quebec premier pertaining to the recent federal budget and, if yes, can the Prime Minister reveal the contents of this communication?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I think I answered yesterday that, to my knowledge, no such representation was made to the government. Since then I do not know of any formal communication. I repeat, I believe the House and the general public should indeed read my letter of March 11 in which, I think, I proposed to the Quebec government that the discussions we were having on family allowances be extended to

other fields. We were prepared to modify our legislation to take into account provincial priorities whenever possible.

Mr. Speaker: I remind hon. members that only a few minutes are left before the end of the question period. The hon. member for Lotbinière may ask a supplementary question and I will raise the next subject immediately afterward.

Mr. Fortin: Thank you, Mr. Speaker. Since the right hon. Prime Minister, in replying to these questions, is using the past tense, would this mean that he is keeping the same strategy in connection with these relations or this policy or should we understand that the federal government does not intend to raise this subject during the next federal-provincial discussions?

Mr. Trudeau: Mr. Speaker, I think that once more the hon. member misunderstood my reply. I repeat that if he would refer to the letter I sent at the beginning of March to the Quebec premier, he would find that on the contrary the federal government is prepared to make those adjustments in the field of family allowances but also to discuss the adjustments in other areas connected with social legislation.

* * *

[*English*]

ELECTIONS

BILL RESPECTING ELECTION EXPENSES—INQUIRY AS TO DATE OF IMPLEMENTATION

Mr. G. W. Baldwin (Peace River): Mr. Speaker, I have a question regarding the bill introduced today by the President of the Privy Council at the request of the Prime Minister. Can the Prime Minister indicate whether he has had consultations which would enable him to tell the House the length of time it would take after the bill is passed before it would become operative?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I believe I indicated in answer to a question of that nature—I am not sure if it was in the House or outside the House—that we think it is such a good bill and so close to the recommendations of the Barbeau committee on which eminent Conservatives and NDP members sat and so close to the recommendations of the special committee of the House, that it might be passed with unanimous consent perhaps as soon as the opposition has taken knowledge of the bill. Perhaps it could be done tomorrow by unanimous consent.

Mr. Baldwin: Mr. Speaker, I think the Prime Minister misunderstood the question. Irrespective of the merits of the bill, and we will decide that after we have had a look at it, can he indicate whether he has had discussions and consultations with officials which could lead him to tell the House how long the bill would take to become operative after it is given Royal Assent?

Mr. Trudeau: Mr. Speaker, I have not had direct discussion with the electoral officers on this matter but I am informed that the electoral law as it now reads makes it difficult for a bill to be applicable unless a period of six months is given to the electoral officer after the passage of such a bill modifying the electoral act. Of course, the House is always in a position, if it wishes, to amend that previous act and to decide unanimously that they want it to go into operation the day after tomorrow.

Mr. Baldwin: Bring it in and see what we do.

Mr. Speaker: Order, please. We are running short of time. I suggest, respectfully, to the hon. member that perhaps we might return to this subject tomorrow. The Chair will recognize the hon. member for Dartmouth-Halifax East.

* * *

THE CANADIAN ECONOMY

FOREIGN OWNERSHIP—REQUEST FOR DELAY OF APPLICATIONS FOR TRANSFER OF TUGBOATS FROM CANADIAN REGISTRY

Mr. J. M. Forrestall (Dartmouth-Halifax East): Mr. Speaker, I have a question for the Minister of Transport which relates to the retention under Canadian registry, if at all possible, of tugboat operations. Would the minister give consideration to deferring applications for transfer out of Canadian registry of tugboat operations on the east coast and the St. Lawrence River until such time as the operative sections of his colleague's bill with respect to foreign takeovers are capable of being brought into play in this situation?

Hon. Donald C. Jamieson (Minister of Transport): Mr. Speaker, I will be glad to take that suggestion under advisement. I am not sure what the legal limitations are but I shall be glad to look at them.

FOREIGN OWNERSHIP BILL—INQUIRY AS TO DEBATE

Hon. Robert L. Stanfield (Leader of the Opposition): Mr. Speaker, I have a question for the Prime Minister who some time ago attached great importance to the foreign ownership bill becoming law as rapidly as possible. I should like to ask him when this bill is going to commence its progress through the House?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, surely this is a matter for discussion between the House leaders. I think all parties have agreed that this week we should proceed as quickly as possible with the bill to increase the guaranteed income supplement and the veterans' pensions bill. As soon thereafter as the parties can agree on any other bill that they want to pass by unanimous consent or quasi-immediate action, we would be prepared to give these bills very high priority.

Mr. Speaker: The hon. member for Frontenac-Lennox and Addington.

Mr. Hees: Mr. Speaker—

Mr. Speaker: Order, please. The Chair has recognized the hon. member for Frontenac-Lennox and Addington. If

the hon. member has a supplementary, the Chair will come to him in a moment.

* * *

PENITENTIARIES

MILLHAVEN—EXTENT OF DAMAGE BY INMATES IN DISTURBANCE

Mr. A. D. Alkenbrack (Frontenac-Lennox and Addington): Mr. Speaker, I have a question for the Solicitor General on a subject which has aroused public opinion regarding certain happenings in our penal system. Can the minister inform the House and give his assessment of the extent of damage done by certain inmates of Millhaven penitentiary last week when in a reported protest or strike they wilfully destroyed an estimated $4,000 worth of federal property in that new prison?

[*Translation*]

Hon. Jean-Pierre Goyer (Solicitor General): Mr. Speaker, I shall be happy to look into this matter.

[*English*]

Mr. Alkenbrack: In view of the minister's new but ill-advised policy of full wages for inmates, will he not deduct the amount of damages from their wages?

Mr. Speaker: Order, please. The hon. member for Winnipeg North Centre.

* * *

NATIONAL CAPITAL COMMISSION

INQUIRY AS TO CONTRACT WITH PINKERTON AGENCY RESPECTING SERVICES NOW PERFORMED BY CORPS OF COMMISSIONAIRES

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, may I direct a question to the Minister of State for Urban Affairs. On Thursday, May 4, I asked the minister if the National Capital Commission has made a contract, or is considering the making of a contract, with the Pinkerton Agency, a subsidiary of an American firm, for the provision of services in the national capital area now provided by the Canadian Corps of Commissionaires. Is the minister now in a position to answer my question?

Hon. Ron Basford (Minister of State for Urban Affairs): Mr. Speaker, when the hon. member asked the question I sent for a report but apparently it has not come yet. I will get it immediately for the hon. member.

Mr. Speaker: The hon. member for Prince Edward-Hastings has a supplementary.

* * *

INQUIRY OF THE MINISTRY

Hon. George Hees (Prince Edward-Hastings): Mr. Speaker, I have a supplementary question for the Prime Minister following the question put by the hon. member for Peace River. Could the Prime Minister outline to the House the specific nature of any deadline which the government seems at breakneck pace to be trying to attain by the end of the week?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, the only deadline we have in mind is that if the old age pensioners—I do not know if it applies to veterans—are to receive their increased payments by the end of June rather than waiting another full month to the end of July we will have to pass that bill in all stages by the end of this week. Of course, if the opposition wants to take upon itself—

Some hon. Members: Oh, oh!

Mr. Speaker: Order, please. The hon. member for Lisgar.

Some hon. Members: Oh, oh!

Mr. Murta: Mr. Speaker, I should like to direct a question to the Minister of State—

Mr. Hees: It is going to be automatic on election day.

Mr. Speaker: Order, please. The hon. member for Lisgar has waited 40 minutes to ask a question and he should be given a chance to do it now.

* * *

FINANCE

INQUIRY AS TO POSSIBLE TAX CHANGES AFFECTING AGRICULTURE

Mr. Jack Murta (Lisgar): Mr. Speaker, I should like to direct a question to the Minister of State about the intergovernmental committee which has been set up to deal with tax changes as they relate to agriculture. Is the minister now in a position to inform the House what some of the changes are at which this committee is at present looking?

• (1530)

Hon. P. M. Mahoney (Minister of State): No, Mr. Speaker, I am not.

Mr. Murta: Will the committee that the Minister of State is associated with be looking at changes involving certain aspects of the capital gains tax and certain aspects of the basic herd allowance which pertain to agriculture?

Mr. Mahoney: Mr. Speaker, the hon. member can certainly bring those matters to the attention of the committee if he so wishes.

FISHERIES

ATLANTIC SALMON FISHERY CLOSURE—POSSIBLE IMPLICATIONS INVOLVING RIGHTS OF INDIANS

Mr. Elmer M. MacKay (Central Nova): Mr. Speaker, I have a question for the Minister of Fisheries. It has to do with the implications of the ban on the Atlantic salmon fishery. Has the minister consulted with his colleague, the Minister of Indian Affairs and Northern Development, to determine whether there are any implications involving the rights of our native peoples, that is to say, their treaty rights, arising from the ban on this fishery?

Hon. Jack Davis (Minister of Fisheries): Mr. Speaker, there are some implications. These consultations are proceeding.

* * *

GRAIN

PILOT PROJECT FOR USE OF INTERIOR ELEVATORS—REQUEST FOR STATEMENT

Mr. Bill Knight (Assiniboia): Mr. Speaker, I have a question for the Minister of Agriculture. Since the federal government is going ahead with a pilot project to determine the feasibility of channelling grain through large interior terminal elevators, I wonder if the minister would be prepared to make a statement on motions outlining some of the details of this program, such as the elevator companies involved and so on?

Hon. H. A. Olson (Minister of Agriculture): Mr. Speaker, as the hon. member has already pointed out, this is a rather modest pilot project. I announced some of the details in Winnipeg the other day, as I am sure the hon. member is aware.

TWO-PRICE SYSTEM FOR WHEAT—REASON FOR DELAY IN PAYMENTS TO ONTARIO PRODUCERS

Mr. R. E. McKinley (Huron): Mr. Speaker, my question is supplementary inasmuch as it pertains to wheat. In the absence of the minister responsible for the Wheat Board, may I direct it to the Minister of Agriculture. The payments that are related to the two-price system for wheat were made to western producers some time ago but Ontario wheat producers have received nothing yet. Can the minister explain the reasons for the holdup and when these payments will be on their way?

Hon. H. A. Olson (Minister of Agriculture): Mr. Speaker, it is inaccurate to say that Ontario producers have received nothing. The application forms have gone forward and obviously we cannot process them until we receive them. We have tried to set some kind of deadline for the receipt of these applications but we will not be firm and say that is the last day on which they will be accepted. We also have to work out the other details to make sure—

Mr. Speaker: Order, please. I hesitate to interrupt the minister but we have gone beyond the end of the question period. I notice that the hon. member seeks to ask a supplementary, but other hon. members have not had a chance to ask even a first question. I say that with apologies particularly to the distinguished members occupying the front benches, who have been very patient. I hope they will not hold it against the Chair because the Chair has tried today to give priority to a number of distinguished colleagues who are not on the front benches. Orders of the day.

GOVERNMENT ORDERS

PENSION ACT, WAR VETERANS ALLOWANCE ACT AND OTHER ACTS

AMENDMENT TO PROVIDE FOR ANNUAL ADJUSTMENT OF PENSIONS AND ALLOWANCES

The House resumed, from Friday, May 12, consideration of the motion of Mr. Laing that Bill C-208, to amend the Pension Act, the War Veterans Allowance Act, the Civilian War Pensions and Allowance Act, the Children of War Dead (Education Assistance) Act and the Department of Veterans Affairs Act, to provide for the annual adjustment of pensions and allowances payable thereunder, be read the second time and referred to the Standing Committee on Veterans Affairs.

Mr. Speaker: The hon. member for Winnipeg North Centre. May we have order, please.

[*Translation*]

Order, please. I recognize the hon. member for Winnipeg North Centre.

[*English*]

I hope that the important discussions taking place between hon. members might be continued behind the curtains so that the hon. member for Winnipeg North Centre can carry on with his remarks.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, when second reading of Bill C-208 was called on Friday last, it was my privilege to respond to the brief remarks made by the Minister of Veterans Affairs (Mr. Laing). As those who were here then will recall, I was most happy to extend to him my warm compliments for the things he said on Friday afternoon. That was an immediate, off-the-cuff response of mine. Having given the matter further thought, I still extend to him my compliments. Of course, I may have some suggestions to make in a few minutes, but may I repeat that there were three things the minister said on Friday afternoon that were extremely welcome.

First, he made it clear that the 3.6 per cent increase in the pensions and allowances of various kinds that are received by veterans, their survivors or dependents, is not to be in substitution for an increase in the basic rates of any of those pensions or allowances. The second assurance he gave, which I regard as important, was that the 3.6 per cent increase being provided under this cost of living escalation arrangement will apply to every kind of pension and allowance that is paid under any legislation coming under the responsibility of the Department of

Veterans Affairs. One could have assumed that that would be so from the advance publicity given to this legislation; even so, it was good to hear the minister say that, as he did, on Friday.

The third assurance which the Minister of Veterans Affairs gave on Friday, which I find extremely welcome, is that the necessary order in council will be obtained so that veterans who are both on the guaranteed income supplement and the war veterans allowance will not receive an increase from one authority, only to have it taken away by another.

I say again, Mr. Speaker, that those are welcome statements; they are an improvement over certain statements which have been made on some occasions when veterans' legislation has been before the House of Commons. That being so, I hope the minister will work hard in the time that remains to him as head of his department in seeing to it that more improvements along those lines are made. However, Sir, I feel that there are some comments and suggestions that I must make under each of these three headings, and I must also make one or two others.

I return to the first assurance, namely, that the increase to be provided, on the basis of the cost of living increase, of 3.6 per cent is not to be a substitute for an increase in basic rates. As I said on Friday, I hope that assurance applies not only to the basic rate of disability pensions provided under the Pension Act, but that it will also apply to the basic rates set out in the War Veterans Allowance Act and in other acts to be amended by this bill. Perhaps we could take it for granted that if there is to be further consideration of the basic rates, that it will be a consideration of all basic rates, including those in every statute with which we are concerned.

The point I wish to emphasize particularly is this: I hope this is not just a swan song assurance given by a minister who is heading for retirement. I hope that what the minister has said is not just an expression of his own view. I have reason to believe that this is his own view, and I commend him for it. Nevertheless, I hope he is speaking with the authority of the government. After this parliament ends and somebody else becomes Minister of Veterans Affairs, if that somebody else is still a member of the present administration, I hope he will be bound by the assurances the minister has given, namely, that these 3.6 per cent increases are not in substitution for increases in basic rates.

I think we understand quite readily the complaints and protests that came almost immediately from the Royal Canadian Legion and other veterans organizations about the 3.6 per cent increase. Many of them felt that this increase was it. They felt it was the increase the minister had been talking about in recent weeks and that with this increase being made, nothing more would be said about an upward adjustment of the basic rates. This is extremely important. I hope that before this debate ends, at the end of the second reading stage, in committee or on third reading, the minister will give us the assurance that his statement about basic rates still being under active consideration is not only his own view, but is a commitment of the present government.

[Mr. Knowles (Winnipeg North Centre).]

• (1540)

I now come to the second point that was made by the minister the other day in his brief statement, namely that the 3.6 per cent increases are to apply to all of the pieces of legislation administered by the Department of Veterans Affairs, the War Veterans Allowance Act, the Civilian War Pensions and Allowances Act, the Children of War Dead (Education Assistance) Act and any other allowances or pensions paid by virtue of the authority set out in the Department of Veterans Affairs Act. I have to make the obvious point that increases in pensions for those who already receive them is very good, but there is still the problem of many veterans who are not receiving pensions at all, particularly pensions under the Pension Act to which they feel they are entitled.

As a member of the Standing Committee on Veterans Affairs, I welcome the job we did in amending the Pension Act last year. I welcome the improvements we made to that act; the clarifying of the benefit of the doubt clause, the establishment of a new procedure and making it possible for any case, no matter how often it has been turned down, to be dealt with all over again. It was inevitable that procedures of this kind would result in a terrific backlog of cases. The members of the Standing Committee on Veterans Affairs have been informed that the backlog is something in the order of 5,000 or 6,000. I again plead, as we have pleaded in the Standing Committee on Veterans Affairs, that additional medical personnel or whatever personnel are needed be obtained so that this process can be speeded up.

We were very understanding with respect to the report submitted by the Canadian Pension Commission to the effect that it first dealt with the Hong Kong cases and then picked out a few other categories in terms of need. I believe the members of that commission are now giving consideration to the cases of older veterans, veterans of World War I. However, the point is that the promise and the news in the press that there is to be an increase is not of much help to the veteran who does not receive a pension at all, particularly when he feels he should be receiving one under the Pension Act.

I want to again make the point I made the other day. Not only should all pensions that come under the minister's responsibility receive the escalation that is provided, but the minister should pay some attention to the points we have been making to the Minister of National Health and Welfare (Mr. Munro) to the effect that the escalation should be on the most generous basis possible. We do not think that an escalation should merely enable one to continue to buy the same quantity of goods and services that he could buy when he want on pension. That is not good enough. People are not only faced with a rising cost of living, but also a rising standard of living. Who helped to make these rising living standards possible if it was not our veterans? This annual escalation is welcome. However, the Department of Veterans Affairs might give a lead to the Department of National Health and Welfare by giving some serious study to an even more generous arrangement for escalating on an annual basis the pensions of our veterans. I suggest that this type of escalation should be related to the growth in the gross national product.

I now come to the third item I talked about on Friday. As we reached the end of government time on Friday, I was trying to get the minister to nod his head in connection with some statements I was making. His head seemed to be pretty stiff at the time. It did not go up or down. Fortunately, it did not go from side to side either. Your Honour then called it four o'clock. I realize I may have put questions to him that could not be answered with a simple yes or no. I want to go a little further into this question of what is being done with regard to the situation that obtains where a veteran is receiving old age security, the guaranteed income supplement and the war veterans allowance.

I repeat that we are pleased that the minister has said extra money will not be given with one hand and taken away with the other. Veterans have the right to fear that is what will happen because it has happened on several occasions in the past. In recent years, when there has been an increase in the guaranteed income supplement of $1, $2 or, as was the case in the month of April, $2.70, the Department of Veterans Affairs has made sure that what was given with one hand was not taken away with the other. However, when there have been more substantial adjustments, there have been changes in the ceilings with the result that what was given by the Department of National Health and Welfare was taken away by the Department of Veterans Affairs.

I may also say that the actual result, particularly in the changes that were made a little over a year ago, was a narrowing of the advantage that War Veterans Allowance recipients previously enjoyed over the civilian population. Our veterans are quite justified in fearing that will happen again. The minister said quite clearly that this will not happen and that there will be an order in council to ensure that what is given to the veteran under the guise of the guaranteed income supplement will be added to his total, not given with one hand and taken away with the other.

I think the minister agreed with me the other day that as far as Bill C-208 is concerned, all it does in this regard is provide that the maximum income ceiling set out by statute will go up by the amount the allowance is increased as a result of the 3.6 per cent escalation. As I pointed out the other day, 3.6 per cent of $121, which is the maximum war veterans allowance for single recipient, is only $4.35, and 3.6 per cent of $201, which is the maximum war veterans allowance for a married recipient, is only $7.23. If the single veteran is given an additional $4.35 on his allowance and what is in this act applies, that is the only advantage he will get. But the minister made it clear, and I hope this is a commitment that will be carried through without delay, that the amount to be received as guaranteed income supplement will be exempted from the ceiling imposed by the War Veterans Allowance Act, even as amended by this escalation.

• (1550)

Let me deal with this in terms of actual situations. There are no veterans over the age of 65 who get $121 a month in war veterans allowance if they are single, or $201 if they are married. Any veteran who is over 65, and who is drawing an old age security pension, has been told in a very effective manner by the War Veterans Allowance Board to apply for the guaranteed income supplement. Varying amounts are paid, but the standard case, of which there are thousands of examples, is this: a single veteran is drawing $80 a month as old age security fund and $55 by way of guaranteed income supplement—except that this has now gone up by $2.70. He is therefore drawing only $26 by way of a war veterans allowance. That is all. This brings him to a total of $163.70, that is, $161 under the Act, plus $2.70 because the guaranteed income supplement was escalated in April by $2.70. The point I am making is that the average single veteran is not getting $121 in war veterans allowance; he is getting only $26, and 3 per cent of $26 is only 93 cents. So the increase a single veteran will get in his war veterans allowance amounts to 93 cents.

Some hon. Members: Shame.

Mr. Knowles (Winnipeg North Centre): He will also get $15 a month in his guaranteed income supplement. This makes it extremely important that the $15 be exempted from the ceiling. In the case of the married veteran, the picture is that he and his spouse are getting $160 in old age security payments, $95 by way of guaranteed income supplement, plus the $5.40 by which the supplement was increased in April plus $16 in war veterans allowance. That is the picture for thousands of veterans. So veterans get an allowance under the Act amounting to $26 if they are single, and $16 if they are married. I have already pointed out that 3.6 per cent of $26 is only 93 cents. Well, 3.6 per cent of $16 is only 57 cents. It is a strange situation when, under the terms of the War Veterans Allowance Act, the increase granted to a married man will amount to only 57 cents, as opposed to 93 cents a month for a single veteran.

An hon. Member: Shame.

Mr. Knowles (Winnipeg North Centre): Thus, it is clear that the real advantage to most war veterans on the allowance will come not through the legislation that is before us but by way of Bill C-207 which is in the name of the Minister of National Health and Welfare (Mr. Munro). This situation exists because of the action taken by the War Veterans Allowance Board in directing veterans to apply for the guaranteed income supplement. If this had not been the case, and if veterans were drawing more by way of veterans allowances than they are presently drawing, the 3.6 per cent would work out to a larger amount. In other words, the minister has inherited a number of problems because of the way in which these arrangements have been handled in the past. It is an omelet which will be hard to unscramble.

I ask this question, hoping for an answer at some point during this debate. When the order in council is sought and a certain amount of money is allowed as an exemption above the statutory ceiling, what will the amount of that exemption be? I assume the exemption will go up. Will it go up by $4.35, which is 3.6 per cent of $121 even though the average veteran is not getting $121, but only $16? I think it will, because of what is said in the statute. But what about the rest of it? Does it cover the 93 cents? Does it cover the 57 cents? And what about the fact that these increases, when they take place, will be built on a

situation which reflects the fact that in the month of April veterans were already getting the extra $2.70 or the extra $5.40 if married? I am sure I have made things sufficiently complicated that the minister does not know what answer to give. The point I am making is this: I think the veterans should be given the best possible advantage from this legislation. They should really get both the additional $15 or $30, which the Minister of National Health and Welfare provides in Bill C-270, and they should get the additional 3.6 per cent, not just of the $16 or the $26 they are drawing, but of the $121 or the $201 available as a war veterans allowance.

I do not wonder that the minister said the other day he could not undertake that these cheques could be adjusted by the end of June. I do not wonder that the Prime Minister (Mr. Trudeau) should have said today that the old age security cheques could be adjusted but that he was not sure about war veterans cheques. However, I hope that if we can get this legislation passed quickly the cheques can be adjusted by the end of June. Even if there is some delay, though, let the order in council be properly drawn and the adjustment be properly made so that the veterans may get the benefit of both increases, not just 93 cents and 57 cents, but the benefit of 3.6 per cent of the maximum total available under the allowance plus the amount available under the amendment to the old age security legislation and the guaranteed income supplement.

I could go on, but I believe it is unnecessary for me to do so. Like many other members of the House I have been through this too often—I have too often seen increases for veterans partially reduced because of a means test or income test in various pieces of legislation. One of the biggest hoaxes we ever saw around here was the provision in connection with the guaranteed income supplement that moneys received by way of war veterans pensions or allowances would not count as income against the supplement. It sounded good, Mr. Speaker. But then whoever was responsible for the administration of war veterans allowances declared that any money received by way of guaranteed income supplement did count against income received by WVA recipients. It is that kind of a mix-up that the minister has inherited. I hope he will sort it out in the most generous way possible. I am relying on the minister's statement the other day that the government will seek an order in council to correct the situation. I urge him to see that it does. I hope that the fact it is to be sought means that it has not been finally drawn, and that after this discussion of the matter the minister's officials will take a good look at the question to make sure that there is as full an increase as possible for war veterans allowance recipients.

• (1600)

I am about through with the remarks I wanted to make at this stage, Mr. Speaker. Again I express my thanks to the hon. member for Peace River (Mr. Baldwin) and his colleagues for letting me go first the other day when their spokesmen happened not to be here and the bill was called rather suddenly. I am not going to take advantage of the rule that permits the first opposition speaker unlimited time; that does not often happen to us and we are not in the habit of making use of that rule.

[Mr. Knowles (Winnipeg North Centre).]

However, before I sit down I just want to say that I still think that an area where we could and ought to start establishing the principle of a guaranteed annual income is with our veterans. The very fact that we have these many complications to which I have referred adds urgency to this plea. I think parliament has done well over the years by having provided in the Pension Act pensions for disability. Parliament also recognized that there are veterans who served and came back to Canada without any pensionable disabilities, yet were burnt out, had suffered, and deserved consideration from the parliament and the people of Canada. Therefore, we provided the War Veterans Allowance Act as a companion piece to the Pension Act. We have over 50,000 veterans today benefitting from the War Veterans Allowance Act, some on pension as well, many not. I think over 30,000 widows and other dependants also receive payments under the War Veterans Allowance Act. So, parliament's heart has been in the right place and this legislation has been a good thing. Nevertheless, the more complications develop, the more it seems to me to make good sense to set the age at 55 and to have a reasonable figure of at least $3,000 a year single and at least $4,500 a year married and to say: "This is a guaranteed income which we will provide for our veterans". This would cut through all this business about 57 cents and 93 cents, and all the other technicalities and difficulties which we have with us in this legislation.

I fully agree with the statement that my near neighbour, the hon. member for Edmonton West (Mr. Lambert), made the other day about the responsibility of the parliament and people of Canada to our veterans. This is a responsibility that a member like the hon. member for Edmonton West, who himself served in World War II, feels very strongly. Those of us who did not happen to serve feel it with equal, perhaps even greater force. That is why I believe we should put this proposal into effect.

May I say again that I welcome the tone of what the minister said on Friday. He did not say all the last words; there are a few more things to do. However, I urge very strongly that he use the remaining time that he has as a cabinet minister in this important portfolio to see to it that the commitment to adjust the basic rates is carried out. I also urge him to use his remaining time to see to it that the process of awarding pensions is speeded up, and that a still better escalation formula is found.

Finally, I plead with him as strongly as I can, as one who is pretty close to his generation, that we give a great deal of thought to our old soldiers, the World War I survivors—though, mind you, many of the World War I survivors are now getting on in years—and make sure that they get the kind of deal they deserve. I feel that this deal will be best met if we establish for all veterans who are 55 years of age and over a guaranteed annual income and for all, whatever their age, full and adequate recognition of their service to this country.

Mr. William Knowles (Norfolk-Haldimand): Mr. Speaker, I should first apologize for my absence on Friday when this bill was unexpectedly introduced into the House following the conclusion of the second reading of the bill to amend the Old Age Security Act and the guaranteed income supplement. I am quite agreeable to the arrangement that was made at the suggestion of the hon. member

for Peace River (Mr. Baldwin), and so today I am following "the other Knowles". When we say "the other" we sometimes think of "the other place", but I am sure the hon. member would not want to be associated with that.

Mr. Knowles (Winnipeg North Centre): "Knowles" is right.

Mr. Knowles (Norfolk-Haldimand): I join, I think, with every member of the House in expressing my agreement with the general tenor of the amendments contained in this legislation which is known as Bill C-208. It is designed to give assistance to our veterans, many of whom are living on pension or war veterans allowance, and are seeing their pensions and allowances eroded by the rapid rise in the cost of living. So that anything that can be done for those people I am sure every member of the House welcomes. Therefore, it follows that we agree with the principle of automatic adjustment of veterans allowances and pensions, and especially with an arithmetic formula which is tied to a specific time date whereby veterans organizations do not have to come constantly cap in hand to the Minister of Veterans Affairs (Mr. Laing) asking that their pensions be upgraded to meet the rising cost of living; that will now be done automatically and we are all happy about that.

Naturally, we also want to give the bill speedy second reading and get it into the hands of the committee where we shall have a greater opportunity to examine the legislation in detail and to obtain some answers from the minister and his officials regarding some of the apparent contradictions and anomalies that appear from a reading of the legislation at the present time.

We would also like some answers to the specific matters outlined in detail by the previous speaker, as a result of which it looks as though the increase in veterans allowances, announced with great fanfare, will actually turn out to be a mere pittance. We hope that this will not be the case and that the minister will seriously consider the representations that have been made to him, with which I know all members on this side of the House agree.

I also concur with the hon. member for Winnipeg North Centre (Mr. Knowles) that we have in the present Minister of Veterans Affairs a man who is both understanding and co-operative, a man I personally would like to see continue on in the department. I feel he is a man of compassion, one who might be able to persuade his officials to bring about some far-reaching reform in our veterans legislation, especially as it affects war veterans allowances and the pensions. With the attitude he has I know he will be very receptive to some of the representations and suggestions that we are making to him today.

The changes that we are talking about, which come into effect on January 1, affect pensions and allowances only. It seems to me it would have been far more meaningful, and would have given the veterans a real boost, if the government had also taken another look at the basic pension rate and adjusted it in line with the increase in the cost of living. As we all know, the basic pension rate is the rate of an unskilled labourer in the public service of Canada. Over the years and up to the present time, this rate has been allowed to lag further and further behind the increase in the cost of living. At the present time the basic pension rate is $3,504. The average annual earnings of unskilled labour in the public service stands at $4,550 which means a difference of $1,046. This amounts to a lag behind what they really should be receiving of about 30 per cent, according to the formula understood by all veterans organizations, namely that the basic pension rate should be related to that of unskilled labour. The amount of money needed to overcome a 30 per cent lag would be considerable. By any reasonable calculation, this would amount to $71.3 million.

• (1610)

I believe it is proper that we should take a look at whether or not we can afford this type of increase, which on the surface would appear to be a considerable sum of money. The table I wish to place on the record shows the relationship between the gross national product in Canada and the expenditure on pensions for disability pensioners and their dependants arising from World War I and World War II. In the year 1930, the gross national product was $5,728 million. The pension liability in that year was $37 million. The gross national product was 154.8 times the pension payments. In 1965, the gross national product had risen to $52,056 million. The pension liability had also increased to $181 million. The gross national product at that time was 232.4 times the amount of the pension liability. What I am saying is that in 1930 the gross national product was 154.8 times the pension liability and in 1965 it was 232.4 times the pension liability.

Therefore, it would appear that Canada is well able to afford a substantial increase in pension liability, always bearing in mind in addition the following facts: the expenditure in respect of World War I veterans, and even World War II veterans, will commence to decline very rapidly in the future. The law of attrition takes effect. These people are reaching the age at which the grim reaper takes his toll. The number of pensioners decreases at a rapid rate. When we speak of $71 million we are not thinking of this as a continuing amount year after year but rather as a rapidly declining figure. I believe this should be taken into account. I repeat that the gross national product is now 232 times as large as the pension liability, and I believe this figure surely reflects the government's ability to pay a substantially increased amount to our war veterans.

The Minister of Veterans Affairs having announced the arithmetical formula, surely it would be a very simple matter to also adapt the basic pension rate to a similar formula. This is the sum and substance of the brief presented by the National Council of Veterans Organizations on different occasions and in particular by the Army, Navy and Air Force Veterans in March of this year. I think, as I have shown, it is not as unreasonable a request as one might think when one mentions an increase of $71 million.

I said I would be brief. We want to see this bill pass second reading and be referred to the committee. Therefore, I shall honour my pledge to be brief. I have touched only on one point, namely, that we should make some provision to adjust the basic pension. Others of my colleagues will be dealing with other specific subjects at which I believe the minister should take a very close look. Amendments will be suggested when we reach the clause

by clause consideration in the Committee on Veterans Affairs. In particular, my colleagues will be dealing with the very question raised by the hon. member for Winnipeg North Centre (Mr. Knowles) concerning the anomaly which appears to exist with relation to war veterans allowance, old age security pensions and the guaranteed income supplement. There is considerable confusion, and we want some enlightenment on this touchy issue because if the veteran is to receive an increase of a few odd cents after all this fanfare about increased pensions, he will be a disappointed and frustrated man. Surely, this is no way to treat the men who gave so much of their lives to this country in time of danger.

Hon. Marcel Lambert (Edmonton West): Mr. Speaker, the other afternoon when I spoke on the budget proposals of the Minister of Finance (Mr. Turner), I dwelt at some length and with, I have been told, considerable emphasis on what I consider to be the anomaly that is being proposed by the Minister of Finance in relation to those war veterans allowance recipients who would get the guaranteed income supplement. Nothing had been said up until that point which changed the purport of my remarks. As a matter of fact, if the truth be known, the Minister of Finance on that occasion nodded his head in agreement that this was to be the case. I do not know what transpired between the time I spoke on Thursday afternoon and the time the minister introduced this bill on Friday afternoon. However, there was an indication from the minister, as recorded at page 2,233 of *Hansard* that he would be seeking authority for an order in council, under section 22 and I presume paragraph (d), to increase the maximum income permissible to the recipients of war veterans allowance.

As has been indicated by my colleague from Norfolk-Haldimand and by the hon. member for Winnipeg North Centre (Mr. Knowles), it would be very interesting to know just how high the ceiling is to be raised. After all, there is some confusion. I am satisfied there is confusion concerning precisely how the cost of living escalator will affect the war veterans allowance portion of the permissible income of the individual, taking into account the escalator attached to the guaranteed income supplement, the road along which the minister is directed to travel and in respect of which he has no choice. This has always been a very burning question. I am more than amazed at the attitude within the department and the War Veterans Allowance Board that this is the way he should go; that is, when we come to an income support measure based upon war service the veteran shall avail himself of the general civilian provisions before he can choose to receive benefits under the war veterans allowance. I find this is an extraordinary position to have taken and certainly, if I were in a position at any time to do so, I would want to see a thorough revision of that position.

• (1620)

In the presentation of the budget and the budget documents, which I have in my hands, as well as in the comments on television and in the press, a great deal was made regarding the separation of the cost of living escalator clause from the guaranteed income supplement. Immediately people started calculating on a 3.6 per cent formula. I say that the 3.6 per cent formula is a fraud because that is not the true increase in the cost of living over the previous year. The formula should take into account the number of points of increase in the consumer price index because, as I said in my remarks on the budget speech, 3.6 per cent of the base of 100 is merely 3.6 points, but 3.6 per cent of 130 is actually 4.8 points. There is a world of difference. On the same basis, if the increase curve on the consumer price index were to go up at the same rate each year, the government, whatever party may be in power, could pat itself on the back and quote percentile figures showing that in actual fact the cost of living index was going down when that would not be the truth. This has been the basis of the increases in the cost of living formula for all the pensions, both civilian and veteran. I say it is a hoax to that extent. Of course, in principle it is an acceptable step forward, as we again indicated the other day, but a remarkable reversal of the attitude of the government and of all the ministers involved from the Prime Minister (Mr. Trudeau) down as indicated by their votes on those particular proposals put forward by the opposition. But now that we are on the road to an election, all these goodies come floating down.

The guaranteed income supplement increase is not $15, it is $12.12. There was a blur between the cost of living escalator and the increase in the guaranteed income supplement. Separate paragraphs were used, but everywhere it stated very carefully that the combined increase in OAS-GIS shall be $15. Therefore, instead of getting an extra $30 in GIS with a cost of living escalator provision attached, the increase in GIS for the war veteran should be $24.24 per couple, with the cost of living index making up the difference to $30. So, let us be clear once and for all what that increase is.

I shall not take the House through the complicated calculations put on the record by the hon. member for Winnipeg North Centre (Mr. Knowles), but few if any recipients of the war veterans allowance get the full allowance. It is not possible because of the combination of old age security and the guaranteed income supplement. What is remarkable is that in the case of a recipient of the war veterans allowance, if his wife is five years younger than he is, has been working for five years and then retires, she gets a small payment under the Canada Pension Plan to which she contributed. This is actually a return to her of moneys which she paid in, not revenues. This payment is chargeable as income to the recipient of war veterans allowance. His wife's Canada Pension Plan payment is not income and should not be considered as income.

In the same way, if a war veteran's wife who had been a schoolteacher or a nurse in previous years had had enough foresight to buy an annuity, albeit a small one, whether a Dominion of Canada annuity or an annuity with an insurance company, when payments from it are received by either the recipient of a GIS or war veteran's allowance they are charged as income. Even though there is a difference in allocation, these payments are charged money in the hands of the wife belonging to the couple and disentitling the husband to a war veteran's allowance. I find that terribly unjust in those particular cases.

I know that sections of the War Veterans Allowance Act impose a means test, and I believe that if the Minister of Finance and his colleague, the Minister of Veterans Affairs really had the interest of the war veteran at heart they would have done something with section 6 of that act. Section 6 defines exempt income, and it should include a provision covering these cases. What is even worse is that section 8 of the act, which establishes values of personal property in excess of $1,250 where the veteran and his spouse own personal property of value in excess of $2,500, is ignored. There is also the requirement that property shall not exceed $10,000 in value. That is based upon 1965 values, Mr. Speaker, when the cost of living index stood at 107.4. The cost of living index in April, 1972, stood at 138.2, an increase of 30.8 points, or some 27 per cent. Yet those figures still remain on the statute book and constitute a bar.

• (1630)

I hope the minister will make a reply to the points that we have raised from this side of the House. Certain hesitant steps have been taken, but now that the act is open for review we should tackle elimination of the ridiculous rule of residence in Canada for one year prior to qualification. I invite the minister between now and election day, when he must vacate office, to acquaint himself with the situation of people qualified for war veterans allowance and who live in the United Kingdom or elsewhere outside of Canada. The representations on this point must make up a file a foot high.

I have tried to persuade the minister's predecessors on this point, but all the time we get the same assertion to the effect that there are administrative difficulties involved. That is utter nonsense, Mr. Speaker. Where there is a will there is a way, but unfortunately the government has not shown a will to deal with this matter. The Canadian Veterans Association of the United Kingdom, Colonel Victor Jones, and many others have presented brief after brief on this point. But the point is not being dealt with in this bill. There are great gaps in the amendments which are being presented. As I say, some hesitant steps are being taken. This would be a welcome opportunity to make the necessary changes.

The bill need not be limited to the budgetary proposals of the Minister of Finance. I certainly hope we can get some satisfactory answers from the minister to the representations made by hon. members in this debate. I also hope that the legislation will not remain long in committee because, as has been pointed out, there is no automatic $15 or $30 being added to cheques in this case. Individual calculations must be made. If the officials take as long to make these calculations as they do to make public service superannuation calculations, many a veteran will have passed on to his reward before he gets an increased cheque. However, I commend the legislation to hon. members, notwithstanding the many gaps in it.

[*Translation*]

Mr. Roland Godin (Portneuf): Mr. Speaker, I feel it is my duty to seize the opportunity afforded by the consideration of Bill C-208 to make known my views concerning the situation in which veterans are placed at present.

This bill provides for a much-needed and long-awaited increase in allowances. I have strong reservations, however, as to the final result of such measure.

Obviously, wide propaganda is going to be given to the implementation of this bill. This is nothing new, as the propoganda given to government measures is always wide enough to demonstrate the advantages of measures taken at several levels—whether they are provincial or federal measures, they are always given enough propaganda so that people expect something extraordinary.

At present, for instance, a number of rural Canadians are led to believe that the Central Mortgage and Housing Corporation assumes a good share of the rents of urban dwellers, who can easily benefit from the advantages offered by this organization, while in fact the contrary is true, since the number of families in this country which receive those allowances designed to assist them in paying their rents is minimal compared with the number of those who have to pay a fairly high rent to that same organization.

If we go back a few years, in the field of agriculture, for instance, because of wide propaganda given to settlers, to all the people who were new to agriculture, veteran farmers used to believe that they were being forsaken and that settlers had a much easier life since they could obtain grants right, left and center whenever they applied for them. That was a most erroneous concept of the life of settlers, since there was no relation whatsoever between the allowances they actually received and those which had been promised to them on the eve of an election.

In other words, governments promise a lot and give very little in relation to existing needs and to efforts made.

Today, Mr. Speaker, this bill proposes an increase of 3½ per cent, and this is just fantastic. It is one step forward. It is better than nothing. In my opinion, it is time, now more than ever, to take this opportunity to congratulate the minister who is at present piloting this bill.

However, since I have known for many years the veterans who live in the Portneuf riding, which I am pleased to represent, I can say that the measure before us does not fully meet their present needs. And if we refer to the increase in the cost of living, to the dollar devaluation, we can see that the new benefits fall far from the real needs of veterans, their widows or their children.

Mr. Speaker, I shall indulge, at this stage, and for my colleagues' information, in reading the exchange of correspondence about one case. This is a letter which was addressed to the former Minister of Veterans' Affairs (Mr. Dubé) on January 26, 1971. I quote:

> The above-mentioned person, who is a veteran's widow, has let me know that she receives only $145 per month, as a pension.
>
> Considering that this lady is paralyzed in one arm, and should therefore get a maid's help;
>
> Considering that her bad health requires expensive drugs;
>
> Considering that the pension of Pierre Laporte's widow was established in relation to the cost of living, would you be so kind as to review the case of this Canadian woman, who suffers unfair hardships, if one considers the amount of goods and services that are offered in this country.
>
> Thank you for your kind co-operation.
>
> Sincerely yours

• (1640)

On April 16, I received the following answer:

Dear Mr. Godin:

My assistants having given me a report on the case of Mrs. Jane Doe from Ville Les Saules, I can now answer the letter you sent me on that matter.

Following your letter from January 26 last, a department official went to see Mrs. Doe to inquire about her situation and try to find a way of providing her with additional help under the existing legislation. At the time of that visit, the income of Mrs. Doe was made of benefits she receives under the Old Age Security Act and the War Veterans' Allowance Act; those benefits provided her with the maximum income authorized for a widow under the War Veterans' Allowance Act, namely $145 per month.

As the increase in maximum yearly allowances was approved by Parliament, the monthly income of Mrs. Doe is thus $16 higher.

On the faith of information obtained by the department official during his interview with Mrs. Doe, it seems that the coming into force of those income increases would greatly contribute to iron out your correspondent's financial difficulties.

During the interview, our representative has brought out all the possibilities of assistance available to Mrs. Doe, particularly from the Army Welfare Fund and similar organizations—

—such as the Saint-Vincent-de-Paul and other organizations.

On with the quotation:

Unfortunately, it seems that Mrs. Doe's needs did not come under the criteria established by the administrators of these organizations.

I thank you for your interest in the welfare of this veteran's widow and I sincerely regret that the only additional assistance available to her is that resulting from the recent amendments to the War Veterans' Allowance Act.

Yours truly,

Jean-Eudes Dubé

Mr. Speaker, I personally visited this lady who is 66 years old. She is the widow of a soldier and she lives in a hovel where she has to pay $250 a year for heat. She wants to move, as the song says, but she cannot afford to do so. Apart from the rent, she has to pay additional taxes for snow removal, garbage removal, etc. Being truly short of money, she has even closed the switch on her hot water tank because, she says, "in this way, I save $2.50 per month".

This lady also tells me: I do not understand why the minister can do nothing to help me, and I do not understand why I should be content with $161 a month when Mrs. Laporte is receiving $16,000 a year. I know that Mr. Laporte died while on duty; my husband also died while in the service. Why is there such a big difference between my pension and that of Mrs. Laporte?

Mr. Speaker, I am convinced that Mrs. Laporte needs $16,000 a year. But, truly, I remain puzzled faced with the analysis made of the two cases. As Mr. Laporte was a provincial minister, Mrs. Laporte is a provincial widow who receives $16,000 a year from the federal government. In the case of the widow of a federal employee, the limit is $161 a month.

To my mind, this situation is not only ridiculous but it smacks of the federal government program, and specially that of the Prime Minister (Mr. Trudeau), which incites people to revolution. One cannot look at these two situations and remain cool over the whole thing, it is so revolting. It is revolting for the serviceman's widows who is ill-treated and it is revolting for all her relatives and friends.

Unfortunately, servicemen's widow are not the only ones who are deprived. We have the impression that the present situation is really wished for by the Prime Minister, who seems pleased to see people rising against each other, being jealous of one another.

Mr. Speaker, an increase in allowances for the eligible is fine. However, I would not want to let go unnoticed the qualification method for these pensions.

The disability clause is the one that is most confusing. The treatment inflicted on some veterans following certain tests they have to undergo in front of the physician of the department responsible for these allowances, is unbelievable.

As an illustration of what actually happens, I will read into the record a letter concerning an application made by a veteran. This letter was mailed on January 8, 1970 by the Canadian Pension Commission to a veteran of the Portneuf riding and I quote:

Dear Sir:

With reference to our former correspondence and to your letter received last December 29, I have to inform you that following the recent consideration of your case by the appeal board, the commission has decided that your eligibility for the benefits of the pension act in respect—

The Acting Speaker (Mr. Laniel): Order. I hesitate to let the hon. member proceed with his comments in the way he presently does. I have to call his attention to the fact that the bill now before the House obviously purports to amend the War Veterans' Allowance Act, but I do not think that the Chair could allow, at this moment, a general debate on all aspects of that legislation.

The bill now before us provides for an annual increase in pensions, based on the cost of living index, but I do not believe that the Chair can, on this basis, authorize the hon. member to deal with the allocation of pensions or with decisions of the Canadian Pension Commission.

The hon. member who spoke a while ago before the hon. member for Portneuf (Mr. Godin) has shown a tendency to wander in the same field and when the Chair was about to intervene because he was speaking about Canadian veterans living in the United Kingdom, he reverted to the question now being debated. I would ask the hon. member for Portneuf even though he may wish the Chair to allow him to complete reading of this letter, to come back to the matter under consideration as soon as possible.

Mr. Godin: Mr. Speaker, I see that you realize that this is the time if ever to discuss the fate of veterans. After all, if we do not discuss it today I wonder when we will be able to do so. However, not only will I comply with your request, but I will spare the House the first letter which I was reading and quote only the reply to it.

This letter was addressed to me by the Department of Veterans Affairs and followed on the correspondence already exchanged. It reads in part:

According to the information which I have just received, Mr. Smith is eligible under the Pension Act because of his hallux valgus with plantar calluses, an ailment which he suffered prior to his enlistment and which was aggravated in a proportion of two

fifths during his service in the armed forces on a military operations theatre. The reports from the medical examination which he underwent last February indicate that the total disability caused by this ailment is estimated at 10 per cent while that which makes him eligible for a pension on the basis of a two fifths aggravation is 4 per cent. Therefore, Mr. Smith is not eligible for monthly pension payments, but under the act he has been granted compensation in the amount of—

I also have here a letter from the wife of a veteran who says that her husband has to stay in hospital twice a year. In 1964, his invalidity had been estimated at 25 per cent, and his pension was based on 5 per cent of that 25 per cent, which in fact entitles him to $21.90 a month. I do not find that exorbitant. Frankly, to grant 3.5 per cent of $21.90 is almost to make a laughing stock of the veterans.

Now, doctors do not all agree on diagnoses. This pensioner has pulmonary problems, but who knows when, the day or the hour, his problems started? In a letter his wife wrote me dated May 9, she states that their family doctor recommends that her husband take a one-year rest. But as he has a family, and obligations, he cannot affort to take it. He is 51 years old.

Whatever their age, the veterans should be looked after because, in my view, they probably deserve more than the afflicted in the concentration camps of the communist countries.

As His Excellency the Governor General stated in the Speech from the Throne, if our country is rich, there is no reason to force to work the veterans who are tired, worn out and sick, who have killed themselves with work. All the more so as there are enough healthy people looking for work to replace those who deserve a rest.

Mr. Speaker, considering this evidence and considering these victims, I am inclined to believe that certain doctors employed by the Canadian Pensions Commission have become dishonest. We are under the impression that these people must justify their position by doing everything they can to harm those who are discharged on account of illness or disability as a result of years devoted to the defence of our country and even of other countries.

In order to rate a serviceman below 5 per cent, Mr. Speaker, as we have seen in the letter signed by the minister, they go so far as to speak of 2/5 of 10 per cent.

When it comes to experience, we all know that the Canadian government, through the Canadian Armed Forces, leaves no stone unturned. They test aircraft, aircraft carriers, hydrofoils. We send our soldiers for a while in the Baffin Island area to find out how people can live there. Savings are never important; experiences are what matters. In my opinion it is therefore not normal that these loads fall on veterans who always have to tighten their belt.

Since there are a great many such cases I take the liberty of asking the minister to do his utmost and order an investigation into that matter. If some Canadian Pension Commission officers are not acting or working properly, they should be replaced as soon as possible.

Mr. Speaker, if some legislation provides for the protection of animals there should be one providing for the security of human beings, especially veterans and their families.

• (1650)

[*English*]

PROCEEDINGS ON ADJOURNMENT MOTION

SUBJECT MATTER OF QUESTIONS TO BE DEBATED

The Acting Speaker (Mr. Laniel): Order, please. Before recognizing the next hon. member it is my duty, pursuant to Standing Order 40, to inform the House that the questions to be raised at the time of adjournment are as follows: the hon. member for St. John's West (Mr. Carter)—Fisheries—Atlantic Salmon—Suggested boycott of Danish goods; the hon. member for Regina East (Mr. Burton)—Regional Economic Expansion—Position of discussions with provinces on programs; the hon. member for Vegreville (Mr. Mazankowski)—Industry—Versatile Manufacturing Limited—Proposed expansion in United States rather than Canada—Discussions with company officials.

GOVERNMENT ORDERS

PENSION ACT, WAR VETERANS ALLOWANCE ACT AND OTHER ACTS

AMENDMENT TO PROVIDE FOR ANNUAL ADJUSTMENT OF PENSIONS AND ALLOWANCES

The House resumed consideration of the motion of Mr. Laing that Bill C-208, to amend the Pension Act, the War Veterans Allowance Act, the Civilian War Pensions and Allowance Act, the Children of War Dead (Education Assistance) Act and the Department of Veterans Affairs Act, to provide for the annual adjustment of pensions and allowances payable thereunder, be read the second time and referred to the Standing Committee on Veterans Affairs.

Mr. Laing: Mr. Speaker, in replying to some questions—

The Acting Speaker (Mr. Laniel): Order, please. May I bring to the minister's attention that another hon. member rose at the same time as he rose. Knowing that if the minister speaks at this time he will close debate, I think the Chair ought to recognize the other hon. member who rose. The hon. member for Algoma.

Mr. Maurice Foster (Algoma): Mr. Speaker, I believe some discussions are going on with a view to continuing debate on this bill through the private members' hour. I do not know whether the House leaders want to comment at this time or whether we shall hear comments on this subject at five o'clock. At any rate, I believe discussions to that effect are going on; perhaps we shall know at five o'clock what is to happen.

May I comment briefly on the bill before the House this afternoon, Bill C-208, which makes provision for a cost of living escalator clause to apply to the War Veterans Allowance Act, the Pension Act, the Civilian War Pensions and Allowance Act and the Children of War Dead (Education Assistance) Act. In one way it is unfortunate,

perhaps, that this bill is being debated at this time or that it will be debated tonight, because the Standing Committee on Veterans Affairs is holding its hearings on the reference from this House concerning prisoners of war. The National Prisoners of War Association will be presenting a brief, as will be the Dieppe Veterans and Prisoners of War Association. I hope that time for debate will be extended this afternoon, because some of us will be busy in that committee this evening and will only have an opportunity to speak this afternoon.

I believe that the principle set out in this bill, namely, applying a cost of living formula to veterans pensions and allowances in order to provide for annual increases, is one of the most important principles that we shall introduce in connection with any pension scheme. In the past, the 2 per cent escalation applied to the Canada Pension Plan and guaranteed income supplement; there has been no similar allowance or increase for our veterans. In the past they were granted a lump sum increase to offset the effects of inflation. This bill, therefore, will let veterans know exactly the increases that they are to get, because their allowances and pensions will increase as the cost of living increases. This increase is to apply not only to the basic pension itself but also to the attendant allowances, the clothing allowance, the dependent parent allowance, the exceptional incapacity allowance and other allowances which may be of benefit to the pensioner.

The minister made clear on Friday that he does not consider this increase as a lump sum increase for meeting the demands that the National Veterans Association has made to the department and to the government. Rather, this is to be an increase which will compensate for the effects of inflation. In other words, if our dollars because of inflation are to be cheaper, our veterans are to get more dollars.

The minister made it clear that the basic rate of the Canadian veterans pension is under careful study. I believe that the National Veterans Association made it clear that they want to see the basic rate increased to $4,550, which I believe is close to the basic, average labour wage paid in the federal civil service. I am sure that many hon. members who represent veterans will want to see the government moving as quickly as possible in that direction. I know that veterans associations have responded by pointing out that the increase which has been granted will only offset the effects of inflation, and that it is not like an actual lump sum increase which would bring pension benefits to levels that the associations feel are desirable.

The amount of veterans legislation that this parliament has dealt with, especially in the last year, is notable. Last year, under Bill C-203, changes were made which established the Pension Review Board; the Bureau of Pensions Advocates was established as an independent body. That bill also introduced exceptional incapacity allowances and special benefits for Hong Kong veterans as well as the benefit of a doubt provision. Also, there were increases last year in the war veterans allowance and veterans pensions of 15 per cent and 10 per cent respectively. I should like to add my words of support for this bill. I understand that approximately 200,000 veterans across this country will benefit from this bill. The minister has said that he wants this bill passed as soon as possible so that veterans will benefit as quickly as possible. To that I lend my support.

[Mr. Foster.]

Mr. MacRae: Mr. Speaker, may I call it five o'clock?

The Acting Speaker (Mr. Laniel): Order, please. It being five o'clock, the House will now proceed to private members' business as listed in today's order paper, namely, public bills, private bills and notices of motions.

PRIVATE MEMBERS' PUBLIC BILLS

CRIMINAL CODE

AMENDMENT TO ABOLISH CORPORAL PUNISHMENT

On the order: Private members' public bills:

February 25, 1972—Second reading and reference to the Standing Committee on Justice and Legal Affairs of Bill C-9, An Act to amend the Criminal Code (abolition of corporal punishment).—Mr. MacDonald (Egmont).

Mr. David MacDonald (Egmont): Mr. Speaker, I believe there is general agreement on the part of all members of this House to allow this bill to be withdrawn, inasmuch as its subject matter has finally become part of a government piece of legislation which is now before a committee of the House. That piece of legislation will return here soon for third reading and will be forwarded to the other place.

An hon. Member: It is back.

Mr. MacDonald (Egmont): I hear that it is back. Its consideration is moving with despatch. I hope that its passage through this place and the other place will be speedy, in view of the recent sentence imposed by a judge in Hamilton. He ordered ten strokes of the lash to be given to a young man, thus proving that some judges have not got the message—

Mr. Knowles (Winnipeg North Centre): Be careful!

Mr. MacDonald (Egmont): —that this outmoded form of punishment is no deterrent and does not protect society. I would therefore move:

That the bill be withdrawn, its subject matter having been dealt with by way of government legislation.

[*Translation*]

Mr. Albert Béchard (Parliamentary Secretary to Minister of Justice): Mr. Speaker, I would like first of all to thank the hon. member for Egmont (Mr. MacDonald) for having withdrawn his bill because, as he explained, the government has decided in its wisdom to include Bill C-2 in the amendments of the Criminal Code. The bill will be discussed in the House in the near future on second reading since the committee has considered it in detail and the report has been submitted.

Now, concerning the remark made by the hon. member following an article published in the *Globe and Mail* today about the sentence applied in the case of a 16 year old boy condemned to imprisonment and ten strokes of the lash—

Mr. Prud'homme: This is disgusting!

Mr. Béchard: —half of them to be given during the first 30 days and the other half 30 before he comes out. I understand the hon. member.

However, I am surprised to hear him say that some judges did not get the message because he must know that in this country justice is administered by judges and not at the executive level or by the government.

Anyway, I think that the hon. member is satisfied with the provisions of Bill C-2 which completely removes this form of punishment from the Criminal Code.

• (1700)

[*English*]

Mr. MacDonald (Egmont): Mr. Speaker, in order to clarify this, I might say that I hope the judiciary and other officials across the country will use judicial restraint because in a very short period of time the government bill will become law and, I hope, serve the country well.

The Acting Speaker (Mr. Laniel): Order, please. The Chair cannot allow debate on the subject matter at this time. Is there unanimous consent to allow the hon. member for Egmont (Mr. MacDonald) and the seconder of the motion, the hon. member for Winnipeg North Centre (Mr. Knowles), to withdraw the bill because the subject matter is contained in another bill?

Some hon. Members: Agreed.

Motion agreed to and bill withdrawn.

* * *

CANADIAN CITIZENSHIP ACT

AMENDMENT TO CHANGE OATH OF ALLEGIANCE

Mr. Warren Allmand (Notre-Dame-de-Grâce) moved that Bill C-18, to amend the Canadian Citizenship Act, be read the second time and referred to the Standing Committee on Labour, Manpower and Immigration.

He said: Mr. Speaker, the purpose of this bill is to make it perfectly clear that the first allegiance of a Canadian citizen is to Canada and the Canadian constitution and to confirm in our oath that Canada is a free and independent nation. The bill suggests that we have the following oath in our Canadian Citizenship Act:

> I, A.B., swear that I will be faithful and bear true allegiance to Canada and the Canadian Constitution, and that I will faithfully observe the laws of Canada and fulfil my duties as a Canadian citizen.
>
> So help me God.

In my opinion, the present oath is unsatisfactory. It reads as follows:

> I, A.B., swear that I will be faithful and bear true allegiance to Her Majesty Queen Elizabeth the Second, her Heirs and Successors, according to law, and that I will faithfully observe the laws of Canada and fulfil my duties as a Canadian citizen.
>
> So help me God.

I say that the present oath is unsatisfactory because Her Majesty is the head of state of several commonwealth countries. If we swear true and faithful allegiance to her, it is difficult in logic to determine where our loyalty lies when the Canadian government disagrees with other commonwealth countries. I know that legally Her Majesty is Queen of Canada, but this is a legal fiction. It is very difficult to explain to the ordinary citizen how Her Majesty Queen Elizabeth the Second in the right of Canada can vote against Her Majesty Queen Elizabeth the Second in the right of the United Kingdom as she did in 1956 at the United Nations during the Suez crisis. The symbolic Her Majesty was voting against herself. She was taking two opposing and contradictory positions.

Of course, as I have already said, this is a legal fiction. It does not really happen that way. What really happens is that Canada votes against the United Kingdom, Australia, New Zealand or Singapore. Unfortunately, with the type of oath we have at present, many persons find it confusing to understand how they can swear allegiance to Her Majesty and still place their full loyalty with Canada. I submit that it is much more honest, clear and understandable that we pledge our allegiance to Canada and the Canadian constitution. If this is what people are doing, this is what they should say.

Many new Canadians have told me how disappointed they were with the present oath when they had to take it at the citizenship ceremonies. Many of these people had given up their countries of birth to come to Canada. Of all the countries in the world, they had chosen Canada to be their country and to pledge their allegiance to her. In the citizenship ceremonies, however, they were pledging their allegiance to Her Majesty Queen Elizabeth the Second, her heirs and successors. As I said before, this is confusing. It is not an honest type of oath. It does not reflect the reality that we want to see.

While I agree that in most cases commonwealth countries agree with each other, there are serious instances when they do not. I gave the example of Suez. There have also been disagreements over trade, Rhodesia, and South Africa. Possibly there will be further disagreements with the United Kingdom over other matters. There could be a disagreement with the common market provisions once they are in force.

Mr. Lambert (Edmonton West): You are denying the commonwealth.

Mr. Allmand: No, I am not. This is not a measure to abolish the monarchy in Canada, to withdraw from the commonwealth or to change our constitution in any way.

Mr. Lambert (Edmonton West): It is a giant step toward it.

Mr. Allmand: The monarchy is part of our constitution. If we pledge allegiance to the Canadian constitution, we include the monarchy in that oath. The principal difference is one of emphasis. At the present time the emphasis is on Her Majesty, only one part of our constitution. Under my bill, the emphasis would be on Canada and the entire Canadian constitution, but not eliminating the monarchy.

I am of British origin and I have great respect for the British monarchy and British institutions. Having said that, I think Canadians should stress those things which make them Canadian and which unite them as Canadians.

In this respect, we should adopt symbols which can be accepted by most Canadians. According to our last census, only 23 per cent of Canadians are of English origin while the balance of the population is made up of native peoples and people from many other countries. I admit that there are many other matters which are more important than this.

Some hon. Members: Hear, hear!

Mr. Allmand: I have spoken on these other matters. As a matter of fact, I have many private bills dealing with them. However, I think that this subject is important enough for me to put forward my ideas, and to do something about it. As I say, this is not a high priority item with me but it is something which has vexed many of my constituents, it is something which vexes me; we have to take a stand on these things and this is what I am doing. I repeat, this is not a move directed against the monarchy or against British institutions. It is, emphatically, a measure for Canada, and I am proud to present this bill.

• (1710)

[*Translation*]

Hon. Marcel Lambert (Edmonton West): Mr. Speaker, may I offer you a new pair of glasses because I must tell you that between the member for Winnipeg North Centre (Mr. Knowles) and myself, there is a difference not only in appearance but also in respect of politics.

[*English*]

Mr. Knowles (Winnipeg North Centre): Just 100 pounds.

Mr. Lambert (Edmonton West): Oh, no!

I fully recognize the hon. member's right to put this bill forward, but I disagree violently with the content thereof. The very form of the bill is an anachronism. I call attention to the words:

Her Majesty, by and with the advice and consent of the Senate and the House of Commons of Canada, enacts as follows—

And then Canada's citizens entirely disregard the Crown. What the hon. member has forgotten is that the Parliament of Canada consists of three elements—the Crown, the Senate and the House of Commons.

Mr. Allmand: I said that.

Mr. Lambert (Edmonton West): The hon. member may have said so. But if, in his view, this is the oath that a new citizen should take, then he is saying that the oath a Member of the House of Commons should take should be changed into the form he now proposes.

Mr. Allmand: Yes.

Mr. Lambert (Edmonton West): Then I say to him, such an oath would be an entire denial of our form of constitution, of our form of government. The hon. member cannot have it both ways. I do not know how often he may have assisted at citizenship ceremonies, but at least ten times a year at the invitation of the judge I go to Edmonton citizenship court at which new citizens of Canada take the oath, having first renounced their citizenship of some other country. At this point, may I say that the oath proposed by the hon. member is deficient in that it fails to denounce the country of citizenship of the person about to become a Canadian citizen. To that extent, I say the form is deficient.

[Mr. Allmand.]

Mr. Allmand: Nor does the present oath.

Mr. Lambert (Edmonton West): It does.

On the basis of years of experience at citizenship courts I will say this: I do not know why new Canadians in the Montreal area should be any different from those in Edmonton. I have seen great pride among the people taking their oaths of allegiance to the Queen of Canada. And it is the Queen of Canada who figures in the oath of allegiance taken by Canadian citizens—the Queen, not the constitution. Why bring such a bill forward? There is nothing that it improves.

I remember many years ago as a young man taking my oath as a member of Her Majesty's Canadian Forces. I swore an oath of faithful service to my Queen and to my country. There are millions in Canada who did so. It may be that some were not old enough at the time, and did not have that experience. But without denying other members an opportunity of speaking, I would say that the acceptance of the principle of this type of oath of allegiance at this time or in my lifetime would be a most retrograde step. It amounts to a salami-type of republicanism, hacking away here and nibbling away there. The hon. member may smile, but I ask him to go into my part of the country and try to justify this measure. Oh, there would be some people who would not find it repugnant. I do not deny it. But those who say they respect the constitution would not agree with them.

The constitution says the Queen is the head of state in this country and that she is the Queen of Canada. She is not the Queen of Britain, as the hon. member said, as far as Canada is concerned. The hon. member talked about the possibility of exacerbating difficulties which exist between Canada and Britain. My goodness, there have been difficulties all along. Ever since the British landed in North America there have been difficulties between the authorities of that country and the people of this country. Yet this did not lead to any diminution of the recognition of the Queen's position as head of state in this country. And to recognize Her Majesty on one hand as head of state, and then to swear an oath of allegiance to something quite separate is, to my mind, nonsense. Incidentally, half of this proposed oath of allegiance appears in the present oath. Take the phrase about faithfully observing the laws of the country. What is so great about that? The question is: to whom is the oath of allegiance sworn? Is it to the constitution, to something which can be amended, something which is not sacrosanct? This sort of thing would be quite unacceptable to me.

[*Translation*]

Mr. Guy LeBlanc (Rimouski): Mr. Speaker, I heartily welcome the opportunity to express my views on the bill brought forward by my colleague, the hon. member for Notre-Dame-de-Grâce, not only as a Canadian, but also as the representative of the district of Rimouski, in Quebec, which is situated in one of Canada's most French areas. I am as proud of that title as I am to be a Canadian.

The purport of the bill is to provide that new Canadians, those who want to become citizens of our great country will henceforth, instead of swearing allegiance as they do now, to Her Majesty the Queen, her heirs and successors, swear allegiance to Canada and the Canadian constitution.

First of all, I shall say that I fully endorse the views of my colleague for Notre-Dame-de-Grâce, who feels that this new oath of allegiance for those who want to become Canadian citizens, joining us in our endeavours for the progress of our great country, will make the people of Canada as a whole more aware of the importance of this oath.

The Queen of Canada is the head of the Commonwealth, as we all know. But now, when swearing allegiance to Her Majesty the Queen we are, in my opinion, performing a highly symbolical gesture, difficult to explain particularly to all groups of Canadians. Living in a democratic system, we know how important it is to be close to the people, to make them understand the reasons for our gestures and the meaning of our symbols, which are very rich and meaningful for us. However it is sometimes difficult, particularly at the level of the media, to go into a full explanation of these things. They are highly symbolical. Symbols, it is true, are very important and very meaningful. Speech itself, the very words we use at every moment of our lives, are mere symbols. We do not quite realize this from day to day because this is so much part of our environment and our everyday life.

We are surrounded by all sorts of symbols which are both important and useful. However, the Queen of Canada, who serves also as head of the Commonwealth, is the symbol of a great accomplishment in this world. As Canadians, we are members of this great family which we call the "Commonwealth of Nations", formerly know as the British Commonwealth. We must be proud of the part we have played in the creation of the Commonwealth, which, as the saying goes, may be considered something as a feat of strength but which also testifies to a sense of diplomacy, to the understanding of the mankind and to this ideal of unity and peace which we wish to see established in our country and elsewhere in the world.

• (1720)

The Commonwealth countries formed a union, thus setting an example for many other countries which would extend their power throughout the world through means other than the democratic ways we approve, which are based on respect, freedom in peace and free enterprise.

I do not want to take up too much time; I want other colleagues to have a chance of expressing their views on the subject. Asking to take an oath of allegiance to Canada does not prevent the Crown, as the hon. member for Edmonton West (Mr. Lambert) said a while ago, from being an integral part of the Canadian constitution. We must insist on that Canadian identity which we want to preserve and encourage. Without wanting to identify with our American friends who achieved what is commonly known as the American "melting-pot", we, in Canada, go on considering this ideal of a country that is a very remarkable mosaic of people. This way, if we insist on Canadian identity in the oath of allegiance of new Canadians, they will realize that Canada wants to maintain its identity within the Commonwealth.

And I conclude my remarks by pointing out that as to the Quebec group to which we belong and where we are proud to live in spite of the difficulties which a minority has been creating lately, we want to maintain our own identity, as do all the other groups of the Canadian mosaic and every hon. member and every Canadian. Despite the admiration and interest that I feel for a neighbour and friend, I want to preserve my identity, like everyone else.

The same thing goes in my opinion for groups, races and peoples. It is natural for the French-speaking group of Quebec to cling to its identity as it is for our English-speaking friends and for other groups in Canada. But all together, in this immense and beautiful mosaic, we are going to continue pursuing our Canadian ideal, insisting on our Canadian identity in the diversity that we want to preserve and develop.

[*English*]

Mr. Mark MacGuigan (Windsor-Walkerville): Mr. Speaker, I find myself in general support of Bill C-18, presented by my colleague for Notre-Dame-de-Grâce (Mr. Allmand), but perhaps my reasons for supporting it are slightly different from the ones he advanced for presenting the bill. I would put my reasons in terms of the principle of respect for the law, which I believe is not adequately taken care of by the present oath. I would extend my comments to include not just the oath of allegiance required for citizenship, but the oath of allegiance required in all the contexts with which I am familiar.

This issue was raised centuries ago by the great philosopher Aristotle, in chapter 15 of book III of "The Politics," in this question:

> Is it more expendient to be ruled by the one best man, or by the best laws?

This question was not one that originated with Aristotle; the problem had been raised, and an answer given, by Plato, Plato coming out in favour of kingship rather than in favour of law. Aristotle tended to come to a conclusion rather in favour of the law, and I think it is worth looking at his argument for a moment. He said that personal rule may have the advantage of initiative but that the law has the advantage of impartiality; that in the human mind there must always be some element of passion, whereas the law is free from such possibility of perversion. Thus, the rule of law is better, and law must be supreme except where, because of its generality, it fails to deal adequately with the individual case. Even so, he went on, such individual matters are more properly decided by the whole people than by an individual man.

From the viewpoint of our present perspective, the issue is somewhat distorted by Aristotle's presentation. Perhaps he confuses the question as to who really is in control, whether it is a government, or a single person, or government by the whole people, with the question of justice according to law. At least today we would want to give a considerably more complex answer to the question than he gave at that time.

In our country today there is no question that, however we express the oath or our form of government, we are talking about constitutional monarchy, about a form of

democracy in which it is the people who are really the sovereign, not a single person. At the same time, however, there is a very important question of symbolism involved. The question is whether the law is better symbolized by a person or by the law itself.

• (1730)

The answer to this question may be different in different circumstances. The hon. member for Edmonton West (Mr. Lambert) asserted that the present oath adequately takes care of this problem because it uses the phrase "according to law". I would remind the hon. member that the use of the phrase "according to the law" in the present oath does not, I believe, refer to obedience of the law by the people. It has limited application merely to the accession to the monarchy. I do not have before me the exact terminology, but I believe the wording is "true allegiance to Her Majesty, her heirs and successors, according to law". It is "heirs and successors, according to law" which are to be obeyed, and not the law itself. I would suggest that the phraseology of the present oath, therefore, does not do adequate justice to the symbolism of the law, which I would like to see included in our basic oath and in our basic constitutional documents.

This matter might not perhaps have seemed so important were it not for the fact that in recent months many people in Canada have clearly shown their misunderstanding of the question. An organization has circulated to many members of parliament a document dealing with continuance of the monarchy. In this it is exercising its democratic right and I support its right to do so. This organization, however, suggests that any member of parliament who would advocate abolition of the monarchy would be false to his oath of loyalty to the Queen.

Of course, we in this House realize that our basic allegiance is to the monarchy, according to law—and that if parliament should change the law, our allegiance to the monarchy would be changed. I am not here to advocate such a change, but I believe that in considering the form of the oath it is important to realize this fact, because the change, if it took place, would be the new law of Canada and part of our constitution. It is quite lawful for a member of parliament to advocate such a change, just as it would be to advocate any change which is not brought about by unlawful means.

This matter is also misunderstood by some of the leading press writers in the country. Thus we have a situation where an organization in our country attempting to influence members of parliament, and even part of the fourth estate, generally believes that if a member of parliament were to advocate abolition of the monarchy he would in some way be contravening his oath of allegiance. Consequently, we must reconsider the oath of allegiance and try to make it clearer.

I should like to add, along the same line, that we can hardly overstress today, even in the atmosphere that was present in the House earlier in the day, the necessity of obedience to the law and the great status which the law must have. The achievement of justice according to law is certainly not enough if one thinks only of law and not of justice. At the same time, we all realize, after many centuries of struggle, that justice cannot be achieved unless there is adherence to an impartial law which is passed, we hope, by impartial men in parliament and administered by impartial men in the judiciary. It must be a question of the law and not of men. In today's climate, when so many people challenge the law, it is extremely important for us to make clear in all our basic documents that it is the law above all to which we in this country give allegiance. This is the reason I find myself very much in sympathy with the bill proposed by the hon. member for Notre-Dame-de-Grâce (Mr. Allmand).

Having said that, I would express two reservations. It seems to me somewhat ironic that the Canadian constitution to which the hon. member referred in his proposed oath of allegiance is still a document of the British Parliament and we do not have a Canadian constitution. We have something which we describe in that way, but we do not have a Canadian constitution that has been made fully our own.

I would be the last to suggest that the hon. member for Notre-Dame-de-Grâce does not realize this. He and I for some two years sat on the constitution committee. We travelled across the country and heard hundreds of witnesses on these questions. The hon. member is certainly as aware as I am of these questions. I merely point out that a situation wherein we do not have a Canadian constitution is one in which the use of that expression in an oath could lead to misunderstanding and to other problems.

In conclusion I would also suggest, with all due respect to the hon. member for Notre-Dame-de-Grâce and his very considerable ability with language, that perhaps a poet might do better with this wording. I do not see why the oath has to be always three or four lines in length. I do not see why in a moment of solemnity while taking an oath to be a member of parliament or to be a citizen, a person should not be happy to swear a longer oath than the one proposed here.

I would hope that if the bill should pass in its present form it would be possible subsequently to amend the formula which is proposed therein. I would suggest to the mover that it might be beneficial during the committee stage on this bill, if we should reach that stage, to call witnesses to give their views in respect of the best formula, from the point of view of adequately expressing not only the symbolism of the law but the devotion our people have to their country and to what we hope will be a new constitution.

Mr. E. B. Osler (Winnipeg South Centre): Mr. Speaker, I should like to speak for a long time on this subject but I have been warned that other members wish to contribute to the debate; therefore I shall limit my remarks. My colleague the hon. member for Notre-Dame-de-Grâce (Mr. Allmand) is a man whom I greatly admire. I admire him more almost every time he opens his mouth and I witness the effect of his good work. I cannot say strongly enough, however, that I disagree completely with his words this afternoon. I regret having to say that, but I must. It may be a question of difference in temperament, but I believe it is much more than that.

It seems to me that people have loyalty to people. They always have had loyalty to people and not to pieces of

paper. This is a natural phenomenon for people. In our parliamentary system, all actions are taken in the name of the head of state. Why should that most intimate, personal commitment, the oath of allegiance, be an exception to this rule? It is a fact that Her Majesty, and at other times His Majesty is part of the Canadian constitution. The Queen is far warmer, lovelier, more lively and therefore instinctively more worthy of allegiance than all the dry pieces of paper and legal judgments that many more learned and possibly more honourable friends could split hairs over until the end of time.

If Her Majesty is part of the constitution, surely it is sophistry to propose that we swear allegiance to all the dead or non-human parts of that same constitution and not the living part which is the monarch herself. I suggest the monarch is the keystone of the constitutional arch, as our Queen is the keystone in the arch of Parliament as well. Remove her and you remove the human symbols of all for which we are striving. And for what result? Just for the record, and to hearten myself and other people who feel as I do, I would like to quote two items and point out that this is an academic debate, thank God, and nothing more. First, we will talk out this bill and forget about it.

• (1740)

Second, so far as the government is concerned, the Prime Minister (Mr. Trudeau) has said that the monarchy will last as long as this government lasts. Presumably he means by that, any government that he heads. He also said that the government's position was made quite clear in a white paper which was submitted to the constitutional conference in 1968 and again in 1969. He declared that the new constitution of Canada, if we were to have one, would be a monarchy and the head of state would be the Queen or the King. So the government has been on record for more than two years as taking this position. So long as we have a monarch, the keystone of the constitution, it is to the monarch that we shall swear allegiance and to no one or nothing else.

There is a human aspect to this question that cannot be ignored. All parts of Canada have been a kingdom since white men landed here in the sixteenth century. There were parts of Canada that were kingdoms among the Indians also, because they did not all elect chiefs or councils. Thus, the majority of Canadians have always sworn allegiance either to the crowned head of France or the crowned head of Great Britain or the crowned head of Canada. This is the one true, continuous Canadian fact of identity for over 400 years. Those of us who have kept up on the subject of Canadian identity should meditate on that fact. We have had all sorts of other things: we have had responsible government, we have built railroads, we have put satellites up in the sky, we have brought in old age pensions, we have tried to make life easier, we have fought with people in various parts of the world, we have had good times and bad times; but the one thing we have had continously for over 400 years is a crowned head to whom we Canadians swear allegiance.

If we are looking for a Canadian identity then, the first thing to do is spotlight our continued allegiance to the Crown. I would suggest throwing away a lot of other things before we throw away that. This is part of our flesh and blood.

Mr. Prud'homme: Yours.

Mr. Osler: Do not say "Yours," my friend. You have had a monarchy in Canada for longer than I have, because your people have been here longer than mine. A great deal of good blood is flowing in our present monarch which happens to be blood which came from France in the first place. We have all come from the same place and we have the same traditions, so do not say that it is mine, not yours. We are also all going to the same place in the end.

Mr. Allmand: I don't know about that.

Mr. Osler: There may be different annexes, but it will be the same place. For a Canadian to swear allegiance to the Canadian constitution would be an unnatural act and flying in the face of our history and traditions. I suggest that the monarchy is a very simple fact of life which can be explained to any new Canadian who does not understand it. It can be explained far more easily than to tell them that we find a pressing urge to change our whole way of life and our structure of being.

It is no accident that the most stable, most politically mature nations of this world are almost all constitutional monarchies. Those who speak French in our country have a great deal for which to be thankful. One of the things for which they should be thankful is that, because they have lived continuously under a monarchy, they have missed all the convulsions, bloodshed and terrible things that have occurred in their mother country since France ditched the monarchy instead of making it more pliant and suitable to modern times. So they have no relationship whatever to republicanism. By being Canadian, they escaped that black period of time through which their mother country went. Others have come to Canada from countries with absolute monarchies. It should not be too difficult for them to see that our monarchy is not an absolute monarchy and that their prejudices and fears are groundless here.

Do we want deliberately and unnecessarily to reject our own nature as a nation and to join the ranks of the constitution worshippers, almost all of whom have at some time in the relatively recent past got into serious trouble? There is nothing much wrong with Sweden, Norway, Denmark, Holland or Belgium—constitutional monarchies all. Most of the happiest and most progressive countries are constitutional monarchies.

We will not solve our problems by throwing out our monarchy or by swearing allegiance to some empty piece of paper. People with a lot of happy experience, relatively speaking, compared with many other countries of the world have found that to stick with the monarchy is a pretty good thing.

I will be accused of sentimentality concerning this subject. This I deny. I will own, however, to strong sentiment, which is quite different from sentimentality. I have strong sentiment where our oath of allegiance is concerned, for personal relationships of one human being toward anoth-

er are the sole phenomena that give significance to this spinning hunk of rock in space that we all inhabit.

You can keep your dusty piece of paper and do with it what you like, Mr. Speaker, but as for me I will keep on swearing my allegiance to the Canadian Crown.

Hon. Hugh John Flemming (Carleton-Charlotte): Mr. Speaker, I find myself compelled to offer a few remarks in connection with this bill. I begin by saying that I agree wholeheartedly with the hon. member who has just spoken. I do vary, however, from his approach to the matter because he said I believe—I hope I am quoting him accurately—that his approach was not sentimental. I am willing to acknowledge that my approach to the matter is sentimental, but I give anybody the right not to agree totally with me unless it happens to suit him and he has the same feeling.

I would point out that in taking an oath of allegiance we are really swearing allegiance to a person, but in this case that person happens to symbolize something. In the case of a Canadian who swears the oath of allegiance to the Queen, as we all have, he does so because she stands for the Parliament of Canada; she is part of the Parliament of Canada which consists of the Queen, the Senate and the House of Commons. We swear the oath of allegiance to her as a living person, one who symbolizes the things for which I believe we all stand.

Those who fought in two world wars and who have contributed tremendously to the development of our country swore an oath of allegiance to the Queen because she symbolizes the love of liberty; she symbolizes those things for which people from all over this great country of ours were willing to risk their lives. Personally, I think she is a great woman, a great person, and I love her. I am fond of her and I have no hesitation in saying that. But I do not necessarily try to inflict that feeling on other members of the House if they do not have it. However, what I do say is that you cannot swear allegiance to a constitution, to a piece of paper. There is nothing to a piece of paper; it is just something you can scribble on and throw into a waste paper basket. The explanatory note to this bill reads:

• (1750)

Under the present oath of allegiance the applicant for citizenship swears allegiance to Her Majesty, Queen Elizabeth II, her heirs and successors. This bill would make the oath more meaningful—

I do not agree that it would make the oath more meaningful. Whoever wrote those words should never have done so. It does not make the oath more meaningful to swear to the constitution, a piece of paper. That, to me, is ridiculous. The hon. member talked about what we should do by lawful means. Mr. Speaker, there is nothing more precious to people than what we call justice. There is no justice as great in the world, in my estimation, as British justice. Anybody who knows anything agrees with that.

Because she happens to be Queen of Great Britain does not necessarily mean that she cannot be Queen of Canada. I think it is a very fine thing that we have such a wonderful person to symbolize our great country. Mr. Speaker, the Queen is the symbol of something with which we can all agree. We in this House have our differences and argue our points back and forth. But the minute we get outside this chamber, and even in it, the thing we all agree on is the symbol of the Queen. There is no difference between us so far as the Queen is concerned. We are all for the Queen because she stands for something. Like the old saying, unless you stand for something you fall for anything. That could be so.

In my opinion it is a great thing to have a person whom we all agree is a wonderful symbol of a wonderful institution and that, of course, is Canada in our case. It may be Britain in the case of people who live there, but that does not make it any less attractive, potent, desirable and precious for the people of Canada.

It would be a terrible thing if this bill were to pass. In the first place, it would not be fair to the people of Canada because no change of this nature should be made without at least a vote of two-thirds of the members of this House or of the people of Canada: it is too serious a matter. People stand up here day after day and talk about the greatness of our country. We have gone along for 100 years with this oath of allegiance and apparently we all agree we have done pretty well, that we have made great progress as a country. Now some people want to change this. I am always in favour of change provided the change brings about improvement. That is the acid test of the desirability of change, to bring about improvement. The change suggested in this bill would be a tragedy; it would be no improvement and it would be a terrible thing to do.

So I say that for sentimental reasons, if you like, but also because she is a part of the Parliament of Canada, no Canadian need be ashamed to take the oath of allegiance to the Queen. So far as I am concerned, I am very proud of it. But even if you are not and do not have the kind of feeling that I have, you still can feel that with this oath of allegiance our country has done pretty well. We have lasted over 100 years and have made great progress. Those who contributed to our heritage and fought the battles of this country took the present oath. They were glad to take it. There were no complaints from those gentlemen when they risked their lives for this country. They did not question the kind of oath they took. They did not ask to take an oath to the constitution.

I tell you, Mr. Speaker, this change would be a terrible mistake. I cannot express myself in strong enough language. And hon. members cannot even agree on the language; they are already fighting about the language. The hon. member who proposed the bill put in certain language and another hon. member who supported the bill said that that language should be changed. Before they even get it through the House they have started to fight about the language. The whole situation is ridiculous. Mr. Speaker, I will be glad to vote against the bill if I get the opportunity.

Mr. Grant Deachman (Vancouver Quadra): Mr. Speaker, Bill C-18 would change the oath of allegiance essentially by eliminating the reference to the monarch and substituting therefor "allegiance to Canada and the Canadian constitution". Most hon. members who have spoken on this bill during the last hour—and there have been quite a number of short speeches—have said that we are a constitutional monarchy. Certainly this party and this government have no mandate from the people to accept anything except our position as a constitutional monarchy, and this

has been affirmed and reaffirmed by the Prime Minister (Mr. Trudeau) when the question has been put to him on numerous occasions.

I doubt very much that, in the circumstances, this party or this government would want to adopt a policy of eliminating the reference to the Queen from the oath of allegiance. I feel very strongly, as hon. members on both sides have said, that the Queen holds a special place in the hearts of Canadians and that the oath of allegiance has real meaning to us. We swear to that oath and it has real meaning to new Canadians who take it. I do not believe that new Canadians coming to this country and learning a little about our history, as they must before they go to the citizenship court, feel anything but pride in taking part in a ceremony in which Canadians have taken part over the years. I think that in fact it gives them special pride in their country and in joining hands with Canadians who have taken this oath in the past.

ROUTINE PROCEEDINGS

PRIVILEGE

MR. LEWIS—ALLEGED STATEMENTS REFLECTING ON JUDGES—RULING BY MR. SPEAKER

Mr. Speaker: Order, please. Before we call it six o'clock perhaps hon. members would allow the Chair to make a brief ruling in reference to a matter which was raised earlier today in the House.

Earlier today the hon. member for York South (Mr. Lewis), in accordance with the provisions of Standing Order 17, gave notice of his intention to rise on a question of privilege at the opening of our sitting. In his notice the hon. member indicated that he intended to refer to a motion proposed yesterday by the right hon. member for Prince Albert (Mr. Diefenbaker) under Standing Order 43. The hon. member for York South suggested that the words used by the right hon. member were in breach of parliamentary privilege. On this basis the hon. member proposed the following motion:

That the false charges made by the right hon. member for Prince Albert, as recorded on page 2243 of *Hansard* for Monday, May 15, 1972, be referred to the Standing Committee on Privileges and Elections for consideration and report.

The Chair is required to determine whether there is a prima facie case of privilege. If a ruling were made in the affirmative, the hon. member's motion could be put and debated and the House itself would determine whether the matter should be referred to the Committee on Privileges and Elections for consideration and Report. The suggestion made by the hon. member for York South is, therefore, that the words spoken in the House by the right hon. member for Prince Albert found a prima facie case of privilege.

• (1800)

When the matter was first raised in the House this afternoon, and indeed when the motion was proposed to the House by the right hon. member for Prince Albert (Mr. Diefenbaker) yesterday, the Chair expressed its reluctance at finding that the statements or conduct of hon. members should be referred to a committee for scrutiny. This is a feeling which I am sure is shared by all hon. members. It is certainly a view which is based on long-standing tradition in this House. I am advised that the last instance when a specific charge made by one member against another was accepted by the Chair for consideration as a question of privilege goes back to the year 1924. On that occasion, and on the few other occasions prior to 1924 when such a question went before a committee of the House, the charge against the member had reference to alleged wrongdoing.

The procedural position was explained clearly by Mr. Speaker Michener in a ruling dated June 1959, and reported at page 582 of the *Journals* of the House of Commons for that year. The then Speaker ruled that a charge in specific terms had to be made before a prima facie case of privilege could be found. The motion proposed by the hon. member for York South does not meet this test. His motion takes issue with what the hon. member calls the false charges made by the right hon. member for Prince Albert. The assertion made by the hon. member for York South cannot be construed, in my estimation, as being a specific charge as set forth from the Chair on many previous occasions and in particular by Mr. Speaker Michener in the ruling to which I have just referred.

We are dealing here essentially with a matter of debate. I take the liberty to repeat the suggestion made yesterday that this is essentially a matter of debate. I feel that hon. members were suggesting a more acceptable procedure when they themselves suggested yesterday that the matter might be the subject of a debate under another Standing Order or procedure. If there continues to be a disposition by hon. members to debate this question, I assume that by agreement simple arrangements can be made to achieve this purpose.

It being six o'clock I do now leave the chair until eight o'clock tonight.

At six o'clock the House took recess.

AFTER RECESS

The House resumed at 8 p.m.

• (2010)

GOVERNMENT ORDERS

PENSION ACT, WAR VETERANS ALLOWANCE ACT AND OTHER ACTS

AMENDMENT TO PROVIDE FOR ANNUAL ADJUSTMENT OF PENSIONS AND ALLOWANCES

The House resumed consideration of the motion of Mr. Laing that Bill C-208, to amend the Pension Act, the War Veterans Allowance Act, the Civilian War Pensions and Allowance Act, the Children of War Dead (Education

Assistance) Act and the Department of Veterans Affairs Act, to provide for the annual adjustment of pensions and allowances payable thereunder, be read the second time and referred to the Standing Committee on Veterans Affairs.

Mr. F. J. Bigg (Pembina): Mr. Speaker, it is a privilege to speak on this bill. I am not always complimentary toward the government, but in this case it must be handed a bouquet.

Some hon. Members: Hear, hear!

Mr. Bigg: After long delays, a non-partisan approach in the Standing Committee on Veterans Affairs and many years of co-operative planning, speaking and working, we seem to be making a major breakthrough in veterans affairs. I think everyone in Canada, particularly the veterans, knows that the veterans affairs committee is non-partisan.

There have been remarkable contributions from all sides of the House. A good example was the very gracious way in which the hon. member for Winnipeg North Centre (Mr. Knowles) gave our party full credit for giving him the well earned priority of being the first to speak on this bill. He is a senior member of this House and for many years has been a champion of veterans affairs. This kind of co-operation is very satisfying.

I am by no means a senior member of this House, but in the 14 years I have been here I have taken a very keen interest in veterans affairs. The government is to be commended for its recent changes, particularly with regard to the Hong Kong veterans and Bill C-208 which is another great step forward. I agree that our veterans should not have to come cap in hand and beg the Canadian public, through this institution, for the basic income they so richly deserve. I am not going to waste too much time talking about that.

The bill is quite straightforward. It provides for a yearly reassessment of the problem of keeping up with the ever-spiralling cost of living. I am in complete agreement with this principle. As the minister pointed out at page 2233 of *Hansard* for May 12, in the past there never has been any clear principle enunciated on which to base our pension rates.

In spite of the bouquets I have just handed out, there is still one large hurdle to overcome. This or another parliament in the near future must decide on what kind of yardstick or benchmark the people of Canada wish to base the basic pension. I hope I am not straying too far from the bill. The basis of this bill is to give our pensioners the right deal and this is what prompts me to make these few remarks.

I understand, from representations made by veterans groups and departmental spokesmen, that in the past we have tried to base the general pension on the same level as the wage of an unskilled worker in the federal public service. I have no quarrel with that, because the public purse is not bottomless. However, that should not be the lowest benchmark. From looking at the present pay scales in the public service it is obvious that the basic pension rate has not been maintained at that level. I do not think it is a princely sum. It certainly should not be less than the average rate of pay for an unskilled worker in the public service. I do not know why that principle was not included in this bill.

I do not think it is too difficult to establish a rate. There has been unanimous approval by the members of the Standing Committee on Veterans Affairs, at least in the meetings which I have attended over the years. I have heard no objection from the press or the veterans organizations. I understand they would be very happy with this basic rate. It seems fair and equitable and would not put an undue strain on the Canadian public. After all, this is one of the richest nations on earth, per capita. Our potential is such that we can well afford to give this basic rate to our veterans who risked life and limb for Canada.

I am pleased to note that section 70 of the Pension Act, the benefit of the doubt rule, is being put into effect. I wish to refer to one outstanding case. This is not criticism; it is commendation for the way in which the pension commission, the pension advocates in particular, have done their job. I will not mention her name, but the woman involved is very grateful. She has been awarded a widow's pension which has been backdated three years. The pension commission, the doctors and everyone else involved reached the conclusion that her husband's death came about partly as a result of his war service but he had not applied for a pension soon enough.

• (2020)

Earlier attempts had been unsuccessful, but the case was reopened under section 70 and the widow was awarded a pension backdated three years. This, of course, will last her to the end of her days. I am personally familiar with this case. The award will relieve her of the necessity of living with her in-laws; it will enable her to pay hospital bills, and so on, which had accumulated over the years.

This is an example of what can be done by everyone getting together and giving a worthy Canadian citizen her rights in acknowledgement of many years during which she and her husband suffered in the interests of their country. This is section 70 brought up to date and working well. I wish to commend the pension commission, the authorities in the department and everybody involved for demonstrating that the will of parliament can still make itself felt and that even after many years we can show a sense of fairness to those who have served Canada so well.

I have already given credit for the changing of the position of the Hong Kong prisoners of war. I am one who has always felt that the laws of Canada should work equally for each and every one of us. I am therefore impressed by the logic of the argument that those who served in other theatres of war besides the Far East and who perhaps suffered equally or, in some cases, even more, should have their cases treated in the same way. Thus, when prisoners of war in other theatres come forward I know that our committee on veterans affairs will look very favourably on their presentation. They should certainly have the same opportunity to present their case, and I hope they will get exactly the same type of hearing.

One should remember, of course, that simply to award a blanket pension to Hong Kong veterans will not dispose of all their problems. The basic pension may not be adequate

in all cases. Some of these men, who may not be satisfied with a 50 per cent pension, might wish to come forward and show that, for instance, they have aged prematurely as a result of their war service, or that a heart condition is related to their deprivations while in captivity. It would be difficult to prove that this is not the case, and we shall welcome veterans who wish to come forward to present such claims.

Mr. Speaker, I realize there are others who wish to take part in the debate. I thank the Chair for allowing me to stray from the mere monetary considerations of this bill and I thank the House for its attention.

[*Translation*]

Mr. Réal Caouette (Témiscamingue): Mr. Speaker, I would like to say only a few words on Bill C-208 entilted "An Act to amend the Pension Act, the War Veterans Allocance Act, the Civilian War Pensions and Allowances Act, the Children of War Dead (Education Assistance) Act and the Department of Veterans Affairs Act to provide for the annual adjustment of pensions and allowances payable thereunder."

I will only state that for many years, under the previous administration and under the current administration, we have been requesting a better treatment for our veterans of both world wars.

We know that veterans did not obtain the attention they deserved from the government. And for many years one of our colleagues, the hon. member for Winnipeg North Centre (Mr. Knowles), has been fighting to improve the plight of veterans and all those living on fixed pensions.

While the cost of living index rose sharply over the last few years these pensions remained stationary. Bill C-208 provides for the adjustment of pensions to the cost of living index on a retroactive basis to January 1, 1972. We heartily welcome this bill which, even though still imperfect, will nevertheless give special consideration to our veterans because all of us in this House have received representations from veterans complaining about their inadequate pensions which are not a privilege but a right.

War veterans were promised during the war that once they returned to Canada, they would never again know poverty depression and problems such as we had faced during the depression. But we were practically on the verge of such a crisis with the kind of pensions that these people were receiving.

I hope that these pension increases will substantially help our veterans and their families. Indeed, the bill makes provision for their children's education and for their widows.

Mr. Speaker, we believed that this legislation would be included in the program advocated for many years by the Social Crediters. All these bills relating to old age security, war veterans and needy mothers pensions and so on would have been integrated in a comprehensive program applicable to Canada as a whole with the consent of the provinces.

• (2030)

I can hardly see how a province could have objected to the implementation by the federal government of a comprehensive program whereby all Canadians, war veterans or otherwise, would have been treated equally.

At any rate, Mr. Speaker, we are happy that this bill has been introduced. As I said earlier, we have been asking, time and again that war veterans receive better pensions for themselves and their families, have easier access to property by helping them, for example, to build their own houses or acquire farm lands should they wish to settle on farms, in order to show them that we take into account the fact that they had entirely dedicated themselves to the defence of their country, Canada.

Therefore, we are quite glad that the government thought of the war veterans and their families. We support this increase in veterans' pensions.

Hon. Martial Asselin (Charlevoix): Mr. Speaker, I too would like to say a few words on this bill.

As I pointed out on the night the budget was brought down when reference was made to legislation designed to increase the old age security pensions and veterans allowances, the official opposition has been asking for an increase in old age pensions and veterans allowances for the past three years.

When I mention the official opposition, I think I would be unfair if I did not point out the efforts also made for the past three years by my colleagues the Créditiste members from Quebec when we asked for a substantial increase in old age security pensions so that the latter would reflect the increase in the cost of living.

As the hon. member who spoke before we was saying, our senior citizens were the pioneers, the people who built this country, who through their efforts, their energy and their labours built the society in which we now live.

I feel it is unfair for the government to choose a time when an election is forthcoming to say to senior citizens: We are at last thinking of you and we are granting you a substantial pension increase—very substantial indeed—$2.88 per month.

We also know that the system is going to create a degree of selectivity. This means that not all senior citizens are going to receive this monthly increase of $2.88, but only those which the establishment and public servants will select on the basis of criteria established through cabinet orders and regulations.

Mr. Speaker, obviously we support this increase in old age pensions and veterans' allowances. I would like, however, to take this opportunity to raise the veil on a conflict which exists at present between the federal government and that of the province of Quebec. Everybody knows that at the present time in Quebec we are going through extremely difficult circumstances that were not caused by the federal government. As a Quebecer, I cannot ignore the Premier's outcry against the federal government last Sunday, on television.

It has been claimed, Mr. Speaker, and the right hon. Prime Minister (Mr. Trudeau) indicated it this afternoon that there was no conflict between Quebec and the federal government with respect to income security. In the meantime, an outstanding member of the Quebec Government, Mr. Castonguay, minister of Social Affairs, threatened to resign last week when he stated that the federal govern-

ment, by bringing in its income security policy, had done wilful damage to the integrated security income plan that the Quebec government intended to implement. The right hon. Prime Minister, with his usual wisdom, tried to straighten out the situation. When at least three ministers of a Liberal government, on friendly terms with the present federal government, say they will resign because the Quebec policy was jeopardized by federal government action, I say there is a crisis, and this cannot be concealed by any statements made by the Prime Minister or the Minister of National Health and Welfare (Mr. Munro)—

Mr. Réal Caouette (Témiscamingue): Mr. Speaker, would the hon. member allow me a question?

Mr. Asselin: Certainly, Mr. Speaker.

Mr. Caouette: Mr. Speaker, I should not like the hon. members to believe I am standing in the hon. member's way. Not at all. I understand very well what he means by saying that the federal government wanted to thwart the provincial government's action.

What I should like to know is whether the hon. member can tell us why the Quebec government did not introduce its integrated guaranteed income plan before Ottawa introduced a measure to increase old age security pensions. Why does the Quebec government always have to wait for Ottawa to take the first step, and then criticize instead of falling into step and entering into a dialogue with the federal government? I want to know if the hon. member is aware of that?

Mr. Asselin: I am aware of it, Mr. Speaker.

Of course, I shall reply to the question the hon. member has just asked me. If he is willing to re-examine the Victoria proposals, as well as the position taken by the province of Quebec on social security, he will realize that the exclusive spending power of the federal government without consultation with the provinces was questioned. The provinces also have spending powers and they are at the end of their tether.

If the Canadian Confederation does not allow continuous consultations with the provinces about the spending power, how can the provincial government, which is much closer to the ordinary people, implement programs likely to relate to the family or the individual? Of course, my colleague who interrupted me just now will be unable to say that I am wrong when I say that the problems having to do with the family, with the individual, and especially with the Quebec community, concern the Quebec government rather than the federal government.

• (2040)

I also say this to my colleague: the Victoria proposals should all be revised to prove to what extent the Quebec government wanted then to have the tools required to achieve its objectives with regard to families and individuals.

When the party on my left claims to be in favour of the family unit, of the fulfilment of the individual, of wealth and society, as integral parts of a community such as that of Quebec, I ask myself no questions.

[Mr. Asselin.]

So I say that the federal government has the right, by virtue of the constitution, to increase old age pensions. As the Quebec premier said recently, that province is not a province like to the others. For Quebecers, Mr. Speaker,—

An hon. Member: Why?

Mr. Asselin: I will come to that.

For Quebecers, the government which is closest to the people, better qualified for governing and pursuing their objectives, is indeed the Quebec government. For the English-speaking provinces, it makes no difference whether it is the federal or the provincial government as those people do not have—

Mr. Deputy Speaker: Order.

Mr. Caouette: On a point of order, Mr. Speaker.

I ask the hon. member to be honest in his statements. If there is a province that is willing to fight as much as Quebec to keep its jurisdiction, its rights, it is British Columbia, and there are others in Canada. In fact, each province wants as much freedom as it can get. At this point, I shall take the liberty of asking the hon. member another question.

When he says that the social question is a provincial jurisdiction, I agree wholeheartedly. But, what is stopping Quebec from applying its integral program, its guaranteed income program? What is stopping it from raising taxes? Instead of telling Ottawa: You raise the taxes and we shall spend them. Thus the people blame Ottawa for the taxes and commend Quebec for spending and increasing pensions.

Mr. Asselin: Mr. Speaker, I am taking note of my colleague's intervention. He would also like Quebec to continue to impose taxes, when people are already saturated with them.

An hon. Member: He knows it.

Mr. Asselin: Unless one applies a system which flies in the face of common sense, the Social credit system, we will never be able to manage it. I very much would like the hon. member to explain how such a system would work, either in Quebec or in Ottawa.

[*English*]

Mr. Deputy Speaker: Order, please. Would the hon. member resume his seat. Is the hon. member for Surrey-White Rock (Mr. Mather) rising on a point of order?

Mr. Mather: Yes, Mr. Speaker, a very brief one. I want to remind my colleagues from la belle province that we are supposed to be discussing matters related to veterans pensions. Interesting as their crossfire about Quebec is, I would urge them to keep to the immediate point, namely pensions. There are other members who would like to speak on this matter.

Mr. Deputy Speaker: The hon. member for Surrey-White Rock has made a very good point. If there is any relevance in the remarks of the hon. member, it would have to be very broad and in reference to the whole social struc-

ture. I would invite the hon. member to be more specific in his remarks.

[*Translation*]

Mr. Asselin: Mr. Speaker, I was discussing the bill before the House and referring to recent statements of the Premier and the Minister of Social Affairs of Quebec.

What made me stray from the subject was the questions put by my friend, the hon. member for Témiscamingue (Mr. Caouette). Of course, I tried to reply to the best of my ability. I say, however, that if he really has the interests of Quebecers at heart he should, I suggest, take into account the objectives of the Quebec government.

When that government stated that the increases of old age security pensions and veterans pensions have disrupted an integrated plan the government of Quebec intended to implement, all the Quebec members of this House—

Mr. Caouette: I rise on a point of order, Mr. Speaker.

Mr. Deputy Speaker: Order, please. The hon. member for Témiscamingue is rising on a point of order.

Mr. Caouette: Mr. Speaker, we have before us Bill C-208, which is directly related to veterans. Actually, the statements of the Premier and the Minister of Social Affairs of Quebec were not related to the bill before us and did not even mention it. The bill on old age security pensions is not now before the House and I suggest the hon. member for Charlevoix—I bear him no ill feeling, far from it, he is a good friend of mine—should confine himself to the content of Bill C-208, purporting an increase of war veterans' pensions. When we get around to the old age security pension bill, I might then applaud the hon. member for Charlevoix.

Mr. Asselin: I made these remarks, Mr. Speaker, because my hon. colleague who just interrupted me forced me to do so. And as I am not the kind of man to backout I wanted to refute his arguments.

But I say, Mr. Speaker, that we definitely welcome the increase of the general pensions to elderly people as well as to veterans. And I repeat what I said earlier. If the government has moved, it is because we have been trying for three years to convince it that the people covered by Bill C-208 were not having an adequate income.

What I do not like is the fact that it waited till the eve of the general elections—

An hon. Member: You are so right.

Mr. Asselin: —to bring in a bill in order to get votes.

I say that our society has reached a higher maturity level than ever before. It is no longer possible to tell the electorate after distributing goodies on the eve of a federal election: "We shall grant an increase in such and such an area and get all the votes."

At this time, I wish to advise the government that, if they wanted to use this as an election bait, they are completely mistaken, for our people have changed more than they think. They have come of age politically: they can read and listen; now they are able to weigh, analyse and judge this government not on its election budget, but on its achievements during its four year mandate.

And since during that mandate, a great many people had to suffer considerably because of the unemployment situation, they will not readily disregard the fact that, regardless of these increased pensions to the aged and the veterans, this administration cannot redeem all its mistakes with an election budget.

In this perspective, I say that we are in favour of the increase but I am still warning the government that it is deluding itself if it thinks that all the social and economic errors made during four years will be forgotten and that, just before the federal election, the increase in pensions will have everybody thinking: "Even if the government was wrong during four years, it will still get our support.

I see in front of me one of the most important ministers, the hon. Minister for Veterans Affairs (Mr. Laing) and I want him to know that he is not really thinking about the veterans because they are receiving just before the election that might be held on July 17, a very meagre increase considering their services to the country for the safeguard of democracy and freedom, not only here in Canada, but also abroad.

The minister should not be deceived into thinking, Mr. Chairman, that such a low increase of the veterans pensions will incite them all to vote for a government that for four years forgot about their sufferings, their devotion and their efforts to save democracy.

[*English*]

Mr. Barry Mather (Surrey-White Rock): Mr. Speaker, with the customary brevity of my party, I believe I can express my ideas in about one minute. I wish to say three things. First, I want to thank hon. members who have spoken for having recognized the long-standing efforts of my colleague, the hon. member for Winnipeg North Centre (Mr. Knowles), in trying to improve the conditions, pensions and benefits of our veterans. Second, I want to welcome the proposal which the government has brought forward, which will at least bring veterans benefits into some sort of line with the ever increasing cost of living. If this is not done, they will suffer a continued reduction in their economic benefits. This measure might be likened to giving a person suffering from a ten-year old hangover two or three aspirins. But even that is a step in the right direction.

• (2050)

Third, and in conclusion, I urge all members of the House—this is not confined to my party by any means—to continue to press the government and the minister to recognize the need for raising the basic pension and other benefits which should go to the veterans of Canada and without which they will continue to suffer a reduction in their standard of living far below that to which they are entitled.

[*Translation*]

Mr. Henry Latulippe (Compton): Mr. Speaker, it is my duty to say a few words about the increase in veterans allowances. It is a pleasure for me to speak on Bill C-208.

Through this bill, the government wants to increase pensions for veterans while keeping in mind the cost of living. We have been told by many veterans that the increase based on the cost of living does not amount to much. Therefore, veterans are not satisfied with their pensions.

As far as we are concerned, we wish to tell the government that we are pleased that they have been granted this increase due to the increased cost of living.

Mr. Speaker, we are greatly indebted to war veterans. We know what they did for society. We know what they went through, which other people did not experience.

At the same time, I would like to tell the government that other citizens who are not veterans also have equal rights. They are also entitled to our consideration, because I suppose those who died for society and left widows and children behind them should also be considered.

I would give veterans more consideration because they went to war, but we owe a great deal to those who remained in Canada and laid down their lives on the field of labour, those who died for their country and who did their utmost towards its development.

Mr. Speaker, if the increases granted to veterans are justified, we should not be asking ourselves why these pension increases are granted. We must grant them because the cost of living is going up. Why is it going up?

Mr. Speaker, why are we not in a position to administer through an adjustment of the cost of living, in order to prevent it from going up? When you let the cost of living go up, you do so for everybody.

The cost of living, Mr. Speaker, increases for everyone, not only for the veterans and the aged. Some people have no job; they live on welfare allowances and pensions of all kinds. They do not get enough because the cost of living increases and it does so because of them.

If we allocate increases to all these citizens, we shall contribute as well to push up the cost of living. If the cost of living goes up, we also raise taxes.

And this, Mr. Speaker, is a useless exercise. This economic uneasiness reveals to us that our economy goes on falling; it has no stability. It is completely out of kilter and the more we apply this ideological system, the more we apply our economic system, the more we unbalance our economy and the more it becomes difficult to live.

The increase that will be granted to old people and to veterans will be offset by the increase in the cost of living. This will leave them with almost nothing. It is almost useless to grant increases if we are not prepared to deal with the main causes of such an economic disorder.

I am for increases. I want people to have a better life, but I know that we are not dealing with the real problems, that the essential causes are deeper. That is where we should strike first. No one member is ready to take the necessary steps in order to eliminate the causes of the present economic disorder.

The increase in the cost of living should logically be followed by an increase in pensions and wages of all kinds. The situation is deteriorating and becoming ever more complicated.

[Mr. Latulippe.]

It is over this aspect, Mr. Speaker, that we should ponder. At the same time—one cannot ask him everything—I would ask the minister to examine the problem to find out whether there would be another means to curtail this increase in the cost of living. We must find a solution to this problem, we must reduce the cost of living. We have been looking for a solution for a long time.

Instead of raising pensions, we ought to lower the cost of living; this would simplify the situation and enable Canadians to enjoy an easier life.

When the unions ask for higher salaries, we could tell them: Instead of increasing salaries, we shall reduce prices; then you will no longer have any reason to ask for pay boosts.

If we reduce prices, we will leave more purchasing power in the hands of the citizens; our economy will be more viable. Exports will be facilitated because our prices will be lowered by as much.

[*English*]

Mr. Deputy Speaker: Order, please. I should advise the House that if the minister speaks now he will close the debate.

Hon. Arthur Laing (Minister of Veterans Affairs): Mr. Speaker, I wish to thank all hon. members who have participated in this debate. I think that the nature, the aims and the objectives of the Department of Veterans Affairs are such that we can keep this kind of debate on a more non-partisan basis than might be the case in the discussion of legislation concerning any other department.

The Department of Veterans Affairs is truly a service department dedicated to the service of human beings who have served this country. I have been with the department long enough to have a great deal of confidence in the department itself and in those in charge of it who discharge their duties honourably and as fairly as they can within the confines of the resources granted them by the government.

• (2100)

I want to pay tribute to the Standing Committee on Veterans Affairs. Through the years it has conducted its business on a basis of anxiety to do the best it can without introducing political dispute. The kind of discussion that took place here tonight could have been participated in by members of parties on all sides of the House. Some of it went beyond the content of this bill, but that is understandable because the bill provided an avenue through which members of the House could express their wishes on behalf of the veterans.

I wish to deal with the remarks of the hon. member for Winnipeg North Centre (Mr. Knowles) who has made a rather deep study of pensions, not only in Veterans Affairs but in other departments of government. He stressed that he was anxious that the increase in the cost of living provision should be no substitute for consideration of the increase in the basic rates of pensions and of war veterans allowances. I made that very clear. I have said before, and I say it in the House now, that when we are distributing some $229 million per year in veterans

pensions, and some $79 million in war veterans allowances out of a total operating budget of about $15 billion, that does not frighten me and I do not think it frightens any member of parliament.

The hon. member also suggested that this might be a swan-song policy on the part of the department in the remaining short time that I shall be here. Mr. Speaker, I do not think the government will be magnanimous enough only to make it comfortable for me in the short time that I remain in the department. In any case, I think that the evil one does, just like the good, lives after one and I think that the influence of the legislation we are considering tonight will certainly be an abiding one on the government in the future.

The one concern I have at present is the backlog of cases. The hon. member suggested that there were 5,500 or 6,000. I have to bring him the bad news that as of tonight there are 7,700 cases. Because of the legislation that was introduced by my predecessor, avenues for appeal regarding pensions were opened to a great number of new people, and there has been a revival of a number of old applications made in the past. We are doing the best we can to hurry them along, to catch up with the backlog but at the same time not to disturb or depreciate the calibre of the decisions rendered.

Other hon. members have discussed the basic rates. The hon. member for Edmonton West (Mr. Lambert) took issue with the increase that we are allowing to take care of the cost of living index and said we were all wrong. The hon. member happens to be all wrong, and not us, because he was working from the assumption that the index was 100 per cent whereas the points are 130 and 135, and the increase in the cost of living last year was 4.7 per cent, an increase in points from 130 to 135, which works out to 3.6 per cent on the basis of 100.

I do not want to do any more arithmetic, Mr. Speaker, but we were given some arithmetic by the hon. member for Winnipeg North Centre. I do not want to suggest that socialist mathematics are accurate, and I do not want to provide any Liberal mathematics except to remind him that somewhere in the Bible that he knows so well where it says, "The liberal doeth liberal things."

I shall rest my case on some mathematics provided me by public servants. In the case that the hon. member cited I would tell him that on the new basis of a war veterans allowance, 100 per cent for a single person will be $180.36. I think that is not far from the computation he made. The ceiling rises from $161 to $165.36 and there is $15 exemption added to that.

Mr. Knowles (Winnipeg North Centre): In other words, both are being added. That is good.

Mr. Laing: I might also assure him that the orders in council to which I referred have now been executed. I think I need say no more at the present time, Mr. Speaker, except that I appreciate the consideration which hon. members on all sides of the House have given this bill. I hope it moves along as quickly as possible. It is restricted to a very small section of the assistance towards veterans and in no way whatsoever impairs the right of this House, of members of the House or of the veterans' organizations themselves to continue to press us for an increase in the basic rates. As a matter of fact, we have received some representations on this already and my officers have done some work to give indicated costs to us of a variety of increases that might be made possible, of course always subject to the resources that the government has at the time. Again I thank hon. members who have participated in this debate.

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

Mr. MacEachen: Mr. Speaker, I rise on a point of order to mention to the House the desirability of giving consent to deal with order No. 30, the report stage of Bill C-207. There are a number of report stage amendments attached to the notice paper. With consent, we might deal with those if they are in order. When we have dealt with them, then we can consider putting off further discussion of the report stage until the House has had an opportunity to look at report stage amendments which have been filed by the official opposition and which will appear on the notice paper tomorrow.

Further, if before ten o'clock we have reached the limit of our study of Bill C-207 for today, I would suggest to the House, as a matter of advance warning, that we consider dealing until ten o'clock with the report stage of Bill C-2. There are some committee amendments to that bill, and apparently there is unanimity. There have been no fresh amendments and it might be possible to deal with that bill this evening following whatever progress we make on Bill C-207.

Mr. Baldwin: Mr. Speaker, the course proposed by the minister meets with our approval. We have no objection at all to giving consent wherever necessary to advance the discussion of Bill C-207 at the report stage, subject to the proviso to which the minister has referred and the caveat which I now file, that this consent is without prejudice to our right to deal with the amendments we have tabled today and which will be up for consideration tomorrow. I think we would be prepared to deal with this matter tomorrow to the extent that it is possible to do so, and we will give consent for that purpose. Having said that, Mr. Speaker, we are quite prepared to now deal with the amendments already before the House to the extent that the Chair wants to give them serious consideration.

• (2110)

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, we gladly concur in the proposal to proceed now with the report stage of Bill C-207, at least for the purpose of finding out whether the amendments that are on the notice paper are in order.

* * *

OLD AGE SECURITY ACT

AMENDMENTS RESPECTING ESCALATION OF PENSIONS, RESIDENCE REQUIREMENTS, INCREASE IN GUARANTEED INCOME SUPPLEMENT

The House proceeded to the consideration of Bill C-207, to amend the Old Age Security Act, as reported (without

amendment) from the Standing Committee on Health, Welfare and Social Affairs.

Mr. Speaker: My understanding is that there is agreement among hon. members that we might proceed at this time with the report stage of Bill C-207 and in particular, perhaps, consider motions Nos. 1, 2, 3 and 4 which are before the Chair and of which notice has been given.

I think I owe it to hon. members to indicate that in my view these four amendments are clearly out of order. In each case they involve a charge on the treasury. Unless hon. members wish to consider amendments which are not in order, I do not see how I can allow these motions to be put. I would be pleased to receive advice from hon. members. If hon. members want to give their opinions, I will consider them. The first one is as follows.

[*Translation*]

Mr. Romuald Rodrigue (Beauce) moved:

That Bill C-207, An Act to amend the Old Age Security Act, be amended by inserting a comma after the word "who" in Clause 2 at line 23, page 1 and adding the following:

"has reached age 60.".

This is obviously, I think, a broad amendment, since it would force the Crown to incur additional expenditures. This type of motion, as everyone knows, requires the recommendation of His Excellency. If hon. members can convince me that my interpretation of this amendment is erroneous, I shall be happy to put it to the House, but it seems clear to me that the amendment is not in order.

Mr. Adrien Lambert (Bellechasse): Mr. Speaker, we are somewhat amazed at the procedure used tonight in the absence of the sponsors of these amendments.

At all events, I share the views of the Chair as to the acceptability of the first amendment, which in the main tends to call the government's attention on the fact that it would be desirable to introduce an adjustment with respect to the age of eligibility to old age security pension.

In these circumstances, I perfectly agree that the ruling which the Chair has just given is in strict compliance with the Standing Orders and we accept it.

Mr. Speaker: I thank the hon. member for his eloquent words and his generosity in accepting the proposal of the Chair. What troubles me slightly is that the reservation I have just made with regard to motion No. 1 also applies to motions Nos. 2, 3 and 4; I wonder if the hon. member will be as enthusiastic in recognizing, in agreement with the Chair, that all those motions would entail additional expenditures on the part of the Crown. The hon. member may want to make certain remarks that would help the Chair express an opinion on motion No. 2 which reads as follows:

—That Bill C-207, An Act to amend the Old Age Security Act, be amended by deleting the word "who" in Clause 2 at line 23, page 1 and substituting therefor the following:

"even if his age is lower than the provisions of the present Act if the spouse receives a monthly pension by virtue of the said Act.".

The hon. member for Lotbinière (Mr. Fortin) seems willing to express his views concerning the motion. Of course, this is merely concerning the procedural acceptability of this motion.

[Mr. Knowles (Winnipeg North Centre).]

Mr. André Fortin (Lotbinière): Thank you, Mr. Speaker.

I have listened with great interest to your comments, the importance of which cannot be questioned, on motion No. 2 submitted by the hon. member for Abitibi (Mr. Laprise).

Mr. Speaker, I agree with you that this is expenditure. Indeed, the motion reads as follows:

"even if his age is lower than the provisions of the present Act if the spouse receives a monthly pension by virtue of the said Act.".—*Mr. Laprise.*

I agree that, literally, Mr. Speaker, this is a matter of expenditure, and an exclusive prerogative of the government.

However, I maintain that a basic principle is involved, the very principle of the bill. The bill provides that an old age security pension will be paid to persons from age 65. We want to tell the government that we hope that it will adopt this view that, when a person is entitled to the old age pension under the regulations and the old age security act, his or her spouse, whatever that person's age, whatever that person's income be also entitled to the pension.

It is obvious, Mr. Speaker, that you are right. It is a question of money, since it is a question of giving more money to these people who are not the same age as their spouse. But it remains that in our view that is a very secondary aspect, since it is not the question of money that is important but the question of principle.

For instance someone who has reached age 65, who gets the old age security pension while the spouse, 52 or 55 years old, is not receiving it cannot make both ends meet and this compels us to fight bitterly against the actual principle of the bill.

We intend to fight against this principle in order that the couple in need, when one spouse only receives the pension, may be able to draw it, whatever might be the spouse's age.

We hope, Mr. Speaker, that you will consider the spirit rather than the letter so that elderly people in Canada, even if they are married, are not penalized.

Mr. Speaker: The hon. member for Lotbinière is quite original in bringing in such an argument. He suggests that the Chair should consider only the principle, that is the motion's purpose, which is to provide advantages to a class of the population which he considers underprivileged. All hon. members will, I am sure, agree with the hon. member for Lotbinière and his colleague as to the principle. Unfortunately the Chair must sometimes go beyond priciples and abide by the Standing Order of the House, which clearly indicates, as the hon. member for Lotbinière agrees, and recognized when presenting his argument, that the Speaker must abide by the Standing Orders and by custom and tradition of our parliamentary institutions. I suggest that it clearly is not possible for an hon. member to present a bill or an amendment involving disbursements, unless such bill or amendment be accompanied by a recommendation of the Crown.

In this case, unless the hon. member can apprise me of a recommendation from His Excellency, I must rule that the

amendment cannot be put. The hon. member of course knows as well as I do that the arguments he has just presented can be brought forward at the third reading stage. Hon. members for Lotbinière and Bellechasse, and their colleagues as well, will of course have the opportunity at that time to come back to the substantial arguments they have just submitted for the consideration of the Chair.

• (2120)

It is in blushing a little perhaps that I must say that my ruling concerning motions Nos. 1 and 2 applies, unfortunately, to motion No. 3 as well as to motion No. 4 which reads as follows:

That Bill C-207, An Act to amend the Old Age Security Act, be amended (*a*) by deleting from Clause 3 the words "eighty dollars" at line 3, page 2 and substituting therefor the words "two hundred dollars" (*b*) by making consequential amendments to Clause 5.

I notice that the hon. member for Winnipeg North Centre (Mr. Knowles) and perhaps members are ready to support the motion moved by the hon. member for Roberval (Mr. Gauthier), who is trying to convince the Chair that this amendment is in order, and I will hear his argument.

Mr. C.-A. Gauthier (Roberval): Mr. Speaker, I should like very much tonight to persuade the Chair to accept my amendment, because I think that the legislation as amended would better reflect pension reality.

When reference is made to pensions in this House, people think that this is not welfare. This is why I ask that it be a pension of $200 a month and not a pension of $100 and a welfare allowance of $100. These terms are always used. The public is going to be told that senior citizens have been granted a pension.

Actually, it is not a pension. This is why I suggest through my amendment that the pension be increased to $200 instead of $80 and that the words welfare assistance be deleted.

If you compute the amount of taxes used to pay this pension, and if you take into account the total number of older people, it can be estimated that these pensions and allowances will cost $150 a month for each senior citizen.

What else shall we do? We are supposed to give people $150; actually, we are cheating them because we are not really giving them $150. However, it costs more than $150 to send all these investigators to meddle with our senior citizens' affairs and create all sorts of trouble for them.

Our senior citizens deserve a pension and we must provide them with one and put an end to this situation where they must have recourse to social welfare.

Maybe some hon. members will again talk about the lack of money, as it was stated a moment ago. This goes beyond the scope of the act, for it will be necessary to spend more public funds. If the government will not make any change to its budget, let it provide for a new issue, through the Bank of Canada—

Mr. Speaker: Order, please. I wish to indicate to the hon. member for Roberval that my objection to the motion was not related in any way to the Bank of Canada but rather to Beauchesne's Parliamentary Rules and Forms and to the Standing Orders of the House of Commons.

The hon. member understands that as well as I do and probably better than I do. I wish to remind him that the very interesting arguments he has just put forward could be very easily presented, I am sure, when the motion for third reading will be considered.

For the time being, I am deeply sorry to conclude that to conform to an old tradition, such a motion cannot, at the present time, be presented to the House.

Does the hon. member for Lotbinière wish to rise a point of order?

Mr. Fortin: No, Mr. Speaker, I thought we had skipped motion No. 3, unless I am absent-minded.

Mr. Speaker: I would suggest that the comments I have made in respect of motions Nos. 1 and 2 equally apply to motion No. 3. I do not want to be unfair to the hon. member for Lotbinière if he has any comments or special considerations to submit to the House. I have not the slightest doubt that my hon. friends would be happy to listen to his comments regarding motion No 3. I for one, would gladly do so.

Mr. Fortin: Thank you, Mr. Speaker, for your kind attention. I agree once more that it is a question of spending public funds, but here again, it is the principle that should prevail namely that on the one hand, you are right in applying the rules, but on the other hand, as you say so eloquently, all my colleagues are interested in helping our senior citizens. I wonder if the minister who is empowered to spend public funds could not sponsor the motions in question, provided there is unanimous consent, in order to solve the problem.

Mr. Speaker: I would remind the hon. member for Lotbinière that even if the minister should sponsor the motion before us, it would not be sufficient since it would require the approval of the Crown. This approval should appear in the order paper and, as I said, I have been through this document but could not anywhere find that His Excellency has made a recommendation regarding the expenses involved in motion No. 3.

There are still a few moments left before we come to the consideration of the other motions. The hon. member might get in touch with His Excellency to determine whether it is possible to obtain his consent in this regard.

Mr. Fortin: Mr. Speaker, I rise on a point of order.

I will certainly be in touch with His Excellency after the next election.

Mr. Speaker: The hon. member for Bellechasse.

Mr. Adrien Lambert (Bellechasse): Mr. Speaker, I rise on a point of order.

An hon. Member: Is this just to pass the time?

Mr. Lambert (Bellechasse): No it's precisely because we do not want to waste any time.

I have noticed the interest of the hon. Minister of National Health and Welfare (Mr. Munro) in our debates

and I am positive, as are all hon. members, that had it not been for matters of procedure, all these amendments would have been accepted unanimously.

Mr. Speaker: Order, please. We must go on to the next item.

Mr. André Ouellet (Parliamentary Secretary to Minister of National Health and Welfare): Mr. Speaker, I would like to suggest to my hon. friends of the Social Credit party that we might ask the Bank of Canada to print new Standing Orders for the House.

Mr. Gauthier: It would certainly be better than if it were done by the present government.

[*English*]

Mr. Speaker: Order, please. Late notice has been given of three motions, Nos. 5, 6 and 7. The Chair has just read them and had a brief consultation. It may well be that some of these motions are not in order. I refer firstly to motion No. 5, standing in the name of the hon. member for Simcoe North (Mr. Rynard) which reads as follows:

That Bill C-207, an act to amend the Old Age Security Act, be amended by striking out the words "eighty dollars" at line 3, page 2 and substituting the words "ninety dollars".

To my mind, that motion is clearly out of order for the reasons I indicated a moment ago. It offends the royal recommendation which is on record, and I am sure the hon. member for Simcoe North would not want to do that.

Mr. Baldwin: Mr. Speaker, I am sure the hon. member for Simcoe North (Mr. Rynard) would not want to offend the recommendation of His Excellency. He is the last one who would want to do that. These motions were filed today. We listened with interest to what Your Honour said about the four motions filed by members of the Créditiste party. Our motions were filed earlier today and we thought they would not appear on the notice paper until tomorrow. We would not object to their being considered tomorrow. There are one or two, to my recollection, in connection with which I propose to raise strenuous argument.

As I say, I did not think we would be dealing with them until tomorrow and I do not have the amendments before me. I think, therefore, in line with the proposal made by the President of the Privy Council (Mr. MacEachen), we might adjourn further proceedings on this bill until tomorrow.

Mr. Speaker: Order, please. That having been said, we may consider that motion No. 5 is still under consideration. I doubt very much that I can change tomorrow the opinion which I have just expressed, even though the hon. member for Peace River (Mr. Baldwin) may advance strenuous argument. In fairness, however, I think it would be much better if we allowed these motions to stand until tomorrow so that the Chair and all hon. members may have a chance to study them more closely.

• (2130)

Mr. MacEachen: Mr. Speaker, I acknowledge the comments made by the hon. member for Peace River (Mr. Baldwin). It seems to me that we can make progress if we call order No. 3, the report stage of Bill C-2, an act to amend the Criminal Code.

[Mr. Lambert (Bellechasse).]

* * *

CRIMINAL LAW AMENDMENT ACT, 1972

AMENDMENTS TO CRIMINAL CODE, CRIMINAL RECORDS ACT, NATIONAL DEFENCE ACT, PAROLE ACT AND VISITING FORCES ACT

The House proceeded to the consideration of Bill C-2, to amend the Criminal Code and to make related amendments to the Criminal Code 1967 Amendment Act, the Criminal Records Act, the National Defence Act, the Parole Act and the Visiting Forces Act, as reported (with amendments) from the Standing Committee on Justice and Legal Affairs.

Mr. MacEachen: Mr. Speaker, the amendments that were adopted in committee will be found in *Votes and Proceedings* of Thursday, May 11. I rise on a point of order with respect to a technical error that appears in the amendment proposed by the hon. member for Greenwood (Mr. Brewin). As I understand it, the amendment to clause 4 would strike out lines 4 to 13 inclusive on page 5, when the intention of those who accepted the amendment in committee was to strike out lines 4 to 19. This is simply a technical error.

If the House will permit me to make an amendment it will restore the intention in the reprinted bill so that all the lines that were intended to be struck out will be struck out, and not lines 4 to 13 as inadvertently mentioned in the amendment to clause 4. I realize that I require unanimous consent to make this technical amendment. It is not of substance. It was drawn to the attention of the minister by the legal officers.

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, I rise on the point of order to ask the minister whether page 5 of the reprint of the bill as amended and reported by the Standing Committee on Justice and Legal Affairs conforms to the error that is in *Votes and Proceedings* of May 11 or whether it conforms to what was intended. After all, what would be before us at this point would not be in *Votes and Proceedings* but in the reprinted bill.

Mr. Baldwin: Maybe you cured your defect.

Mr. Knowles (Winnipeg North Centre): Maybe our good friends the printers have corrected the committee's error.

Mr. MacEachen: Mr. Speaker, the error does appear in the bill. As I understand it, it would be corrected if an amendment were accepted that Bill C-2 be amended by striking out lines 24 to 29 on page 5 thereof.

Mr. Knowles (Winnipeg North Centre): Can our shirts be kept on for a minute?

Mr. Speaker: The House will enjoy a moment of silence.

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, the moment is over. I have obtained the advice of top-flight legal counsel. I am informed that it was the understanding of the committee that what now appears as lines 24 to 29

on page 5 should not be there. Therefore we would give unanimous consent to making that amendment.

Mr. Speaker: Is it agreed?

Some hon. Members: Agreed.

Mr. MacEachen: Mr. Speaker, I gather I am now permitted to move the amendment. I move:

That Bill C-2 be amended by striking out lines 24 to 29 on page 5 thereof.

Motion agreed to.

Hon. Arthur Laing (for the Minister of Justice) moved that Bill C-2, to amend the Criminal Code and to make related amendments to the Criminal Code 1967 Amendment Act, the Criminal Records Act, the National Defence Act, the Parole Act and the Visiting Forces Act, as reported (with amendments) from the Standing Committee on Justice and Legal Affairs, be concurred in.

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, may I ask one question on this point? Again, I have obtained legal advice. He is an NDP lawyer and will not send me a bill.

Some hon. Members: Oh, oh!

Mr. Knowles (Winnipeg North Centre): If we strike out lines 24 to 29 which are now identified as subclause (2) of clause 9, would it not then follow that the "(1)" that is in line 16 should also come out? Do we not end up with only one clause as clause 9? Does the minister see what I am driving at?

Mr. MacEachen: Yes.

Mr. Knowles (Winnipeg North Centre): Unless there is someone here to tell us we are wrong, I suggest that the minister's amendment should include the elimination of "(1)" where it appears after "9" in line 16.

Mr. MacEachen: Mr. Speaker, that makes sense to me. There does not seem any necessity for the "(1)" when there is only one. If we made an egregious error, the Senate can probably correct it.

Motion (for concurrence) agreed to.

Mr. Laing moved that the bill be read the third time and do pass.

Mr. Baldwin: Mr. Speaker, would the parliamentary secretary be kind enough to enlighten the House as to the amendments? I do not know whether it is his intention to speak. We will be very brief and as far as we are concerned the bill will receive third reading. Does the parliamentary secretary intend to indicate the thrust of the amendments made in committee, for those members of the House who were not privileged to be there and participate in its flexible wisdom?

• (2140)

[*Translation*]

Mr. Albert Béchard (Parliamentary Secretary to Minister of Justice): Mr. Speaker, I was quickly called a while ago—considering the good intentions shown by the members lately.

An hon. Member: It is because it is a serious matter.

Mr. Béchard: I know and I thank the hon. members, if it is in order to pass this bill tonight, by having it go through the report stage and the third reading.

All the members who sat on the committee—distinguished members from both parties—certainly explained at their respective caucus recently the amendments that were brought forward, in some cases important amendments and in other cases minor ones.

The amendment moved by the hon. member for Greenwood (Mr. Brewin) deals with clause 4 page 5 which was changed, as we have seen, as regards contempt of court in and outside the court. Here is what is mentioned in the bill as to punishment:

9. (1) Where a court, judge, justice or magistrate summarily convicts a person for contempt of court, whether committed in the face of the court or otherwise, and punishment is imposed in respect thereof, that person may appeal

(a) from the conviction, or

(b) against the punishment imposed.

Now in the existing legislation, as the bill has not gone through all stages yet, section 1 reads as follows:

9. (1) Where a court, judge, justice or magistrate summarily convicts—

(2) Where a court or judge summarily convicts a person for a contempt of court—

An amendment was moved following the submission of a very important brief by the Canadian Airline Pilots Association.

If my memory serves me right, because I did not have any time to refer to all my notes before coming to the House, the Airline Pilots Association was worried about the fact that the bill applied in particular to aircraft hijacking. However, we were told that there could be cases of hijacking on the ground by people who are not on board, but who, by telephone, may cause a lot of trouble, to an aircraft or to the pilot's family, who would be thus threatened by a person not on board.

A few other amendments were introduced. Of course, I should read the bill through, but I know that members of the official opposition, of the New Democratic Party, but none from the Social Credit Party because the latter never attended any meeting, agreed to these amendments wholeheartedly and unanimously.

In conclusion, Mr. Speaker, I want to pay tribute to all committee members whatever party they belong to for their contribution and cooperation and for the positive manner in which they approached the matter and handled the procedures during the debate on this bill.

Therefore, Mr. Speaker, we shall be able, I hope, to proceed with the third reading of the bill, which will enable the government, particulary with regard to air piracy, to ratify the Conventions of the Hague and Montreal, for we were told by the official from the Canadian Airline Pilots Association that nowadays the worst danger for pilots who have very heavy responsibilities is hijacking, which has become very common, not only in this

country where it has happened a few times unfortunately, but in the whole world.

Several countries signed this agreement following a general and universal request and I believe we will be pioneers in this area since Canada will pass a legislation providing for the protection not only of pilots but also of the population that travels in those aircraft which are so huge that they could sometimes accommodate the whole population of a village in my constituency.

We are aware of the tremendous responsibilities of these pilots and this is why we are happy to see that members are eager to pass this bill.

[*English*]

Mr. G. W. Baldwin (Peace River): Mr. Speaker, I was not fortunate enough to be present during the committee meetings but I join the parliamentary secretary in saying that the members of the committee did a commendable job. I refer especially to the members of the Ralliement Créditiste who participated in the House. The parliamentary secretary mentioned two areas specifically—the right to appeal from contempt proceedings and the proposals relating to hijacking and air piracy.

The Criminal Code regarded as a whole constitutes a social contract whereby individuals give up a certain measure of individual freedom for the sake of society as a whole or, as Jeremy Bentham said, to produce the greatest good for the greatest number. Today, when we enter an age when it is becoming increasingly evident that many minority elements in society, not so much in Canada as in other parts of the world, are taking the position that violence may be used as a means of achieving social change, it is essential that the provisions of the Criminal Code be kept constantly under review: it is not good enough to let six or seven years go by without making amendments.

Anyone who has read the proceedings which took place in a court in Chicago when The Seven were tried must have been appalled by the conduct of the defendants and to some extent by the conduct of the presiding judge. To avoid this kind of thing, a remedy of appeal must be available in contempt cases. Let us not delude ourselves that it cannot happen here. It can. It is because of the need to preserve freedom and independence on the part of the judiciary to deal with violence as a means of revolutionary change that we must constantly review the needs of society as expressed in the Criminal Code, the social contract to which I have referred.

Air piracy is becoming in many parts of the world a means whereby changes are sought in the social structure through violence, intimidation and murder in line with certain particular views without worrying about the wishes of the rest of society, the majority of the people. We shall see a repetition of this conduct in all parts of the world and, I believe, to some extent in this country. I would therefore say it is essential that the contract providing for stability in society must be kept constantly in line with conditions of the day and amended in such a way that the rights of individuals are affected as little as possible but always bearing in mind the social purpose to be achieved. This is, really, the attitude with which we must approach these changes, and in doing so we give our approval to third reading of the bill at this time.

Mr. John Gilbert (Broadview): Mr. Speaker, the main criticisms of this bill were put forward by the New Democratic Party when the bill was debated on second reading and I shall not repeat those criticisms. But I should like to underline one of the main areas which is missing from this bill, and that is the right to counsel. I would have thought the Minister of Justice (Mr. Lang) would have included this provision in the bill. We in the NDP were most disappointed by its absence. I hope that when the Minister of Justice amends the Criminal Code in the future he will include this provision, which is a necessary and vital one if we are to have a contemporary criminal law which is credible, enforceable, flexible and compassionate.

• (2150)

That is one of my main criticisms, and the other is this. There appears to be an approach by the government to refer many problems of criminal law to the Law Reform Commission and to await their study before any action is taken. The Law Reform Commission has a great number of subjects to study and on which to report to the government, and I hope this will not be the excuse of the government for not taking action. If we are to have law and order in this country we must have, as I have said, a contemporary law that is credible, enforceable, flexible and compassionate, and to shelter behind the Law Reform Commission will not do the government any credit.

The main area of concern to me which is now being studied by the Law Reform Commission is the adversary system. I have felt for many years that the adversary system fell far short of meeting the requirements of a criminal law based on the philosophy of the reformation and rehabilitation of a person accused of a crime. It is in this area that we must conduct studies in depth and take action if there is to be a response by the people. I hope that not only will we study the adversary system but also the law relating to *mens rea*.

Bill C-2 covered many areas of concern to a large number of Canadians in the last ten years and I cannot help but underline the credit that must be given to the government for passing legislation abolishing corporal punishment. This subject has been dealt with in depth and we regard it as a step in the right direction. I have attempted to persuade the Minister of Justice not only to abolish corporal punishment as part of a sentence imposed by a court but to abolish it as a disciplinary measure in penitentiaries across the country. When this is done I think we will be taking a humane and just approach to the treatment of inmates in institutions. I would ask the parliamentary secretary to use his good offices to persuade the Minister of Justice and also the Solicitor General (Mr. Goyer) that legislation in this area is required.

I was concerned when the bill was at second reading stage, and in committee, that it would not receive passage in view of so many rumours about an election. In committee I suggested that the bill be split so we could deal with the hijacking provisions, and I am happy that tonight we

have reached third reading. Not only I but the members of the Canadian Air Line Pilots Association have expressed concern that parliament might prorogue without passing the hijacking provisions. I am sure the association will feel much better when the bill is given third reading in this House, passes the necessary stages in the other place and is proclaimed law. Many Canadians felt that these hijacking provisions were necessary for the safety and security of people in flight and that the government was slow in its approach to passing the legislation. The government will now have an opportunity of ratifying the conventions passed at The Hague and in Montreal, making them part of our international law in relation to hijacking.

One of the measures in the bill that we all welcome is that providing for absolute and conditional discharge. In the past, the suspended sentence procedure in the courts fell far short of dealing with people who had been convicted of crime. What it did was to impose a conviction which carried with it necessarily hurtful consequences regarding employment, travel and bonding.

We also welcome the provision dealing with the temporary serving of sentences of 90 days or less. This is a step in the right direction and will mean that many people who are convicted of an offence and receive a short jail term will be able to serve that term during weekends, being able to continue working during the week without losing their jobs, with consequent benefit to their families.

In drawing my remarks to a close, Mr. Speaker, we feel the bill is a step in the right direction. We also hope the government will continue to bring forth bills that make the law in Canada one that is contemporary, one that is credible, enforceable, flexible and compassionate. I look forward to the Minister of Justice being able to take the initiative in this direction.

[*Translation*]

Mr. André Fortin (Lotbinière): Mr. Speaker, may I call it ten o'clock?

[*English*]

Mr. MacEachen: Mr. Speaker, I wonder whether hon. members would be prepared to hear the hon. member for Lotbinière (Mr. Fortin), in the expectation that we might get the bill through within a very short time. If the hon. member wishes to speak tonight, we might allow him to continue and get third reading of the bill since it seems to meet with the approval of the House.

The Acting Speaker (Mr. Laniel): Does the House agree to not see the clock at this time and complete third reading stage of the bill?

Some hon. Members: Agreed.

[*Translation*]

Mr. Fortin: Mr. Speaker, I thank my colleagues for their kindness. I did not intend to add these five minutes to their day's work.

First of all, I would like to correct what the Parliamentary Secretary to the Minister of Justice (Mr. Béchard) said about the Creditistes not attending the committee meetings. I suggest, Mr. Speaker, with all due respect to the House, that this is a ridiculous accusation. It is very easy for one party with 150 members to sit on all committees. However, when only 13 members have to sit on more than 25 committees, it is a lot harder to do so. We cannot be everywhere at once.

I wish to indicate also that, according to the government, committee reports have generally been shelved. It follows then that it is in the House of Commons that the most efficient work is done, which we do with all our hearts.

• (2200)

Mr. Speaker, I took the floor during the debate on the motion for second reading of Bill C-2, introduced by the Minister of Justice (Mr. Lang). As I said then, I do accept that legislation, even though I am not too enthusiastic about it. Again, I do accept it even though it surely does not settle the problems of justice in Canada. I have in mind particularly some clauses or some part of the bill.

Indeed we can criticize justice in Canada, but if we take no steps to improve it, we shall settle nothing. This is why, Mr. Speaker, I intend to vote for this legislation, even if I already know that the whole problem of justice, the appointment of judges, and like matters will not be settled. But one thing remains, Mr. Speaker, we must achieve some progress.

I should like to call the attention of the House on a particular point. It is, in the bill, clause 44, sub-section (2.1), page 27, and I quote:

> Notwithstanding subsection (2), a court, judge or magistrate may remand an accused in accordance with that subsection
>
> (*a*) for a period not exceeding thirty days without having heard the evidence of a duly qualified medical practitioner where he is satisfied that compelling circumstances exist for so doing and that such a medical practitioner is not readily available to examine the accused and give evidence;

Mr. Speaker, this is quite in accordance with this government's philosophy on administration of justice and means that whenever a court, a judge or a magistrate is confronted with an accused in need of a medical examination before a decision is rendered, for more or less sophisticated reasons which are not explained anyhow, the court or judge would have the option to remand an accused who was under detention for observation at all times before the verdict or sentence was passed, without having heard the evidence of a physician, under the circumstances specified in this paragraph.

What are those circumstances? The bill reads:

> —where he is satisfied that compelling circumstances exist for so doing—

What does this mean? Here is a extremely vague phrase which allows for any interpretation and which means that before a sentence or verdict is passed, an accused can be released without having previously been examined by a qualified physician.

In the case of a person who suffers mental illness, for instance, or a mentally unbalanced female charged with murder of her newborn child, this means that the judge may release those persons until such time as a verdict or sentence is passed, without first having them examined by a physician, even if it means doing so later on—although no time is specified for that.

It seems to me that too much discretion is left to the courts in such cases. I feel that a medical certificate is extremely important for the protection of the accused.

Let me again take the example of a mentally unbalanced woman who has killed her newborn child, and who is released without previous medical examination and brought before the court again 35 or 45 days later, when her physical condition may have changed. This would mean that the accused would not be able to allege that at the time the crime was committed she was mentally unbalanced or had other extenuating circumstances, with the result that she would suffer prejudice because of the oversight of the legislators who would have left such a big loophole in the legislation.

That is why I did not want to speak any longer. I think the point I am making is clear enough to all the hon. members. And in order to amend this clause of the bill, I should like to move, seconded by the hon. member for Shefford (M. Rondeau): That paragraph (a) of subclause (2.1) of clause 44, page 27, be deleted and that paragraph (b) be renumbered accordingly.

The Acting Speaker (Mr. Laniel): Order. The Chair would first point out to the hon. member that according to the practice and procedure in this House followed over the years, no amendment can be introduced unless it is in writing. In addition, I would remind hon. members that a motion for the third reading of the bill is now before the House and that according to our practice and procedure a bill cannot be amended unless it is referred to the committee with a request that it be amended as required. Otherwise, the hon. member could postpone third reading of the bill but I doubt that the amendment he now suggests—I cannot say "moves" because the Chair has not yet received a copy of it—would be acceptable in its present form.

Mr. Fortin: Mr. Speaker, I believe I have not made myself clear, or you have misunderstood me. You said that I did not send you a detailed explanation of my amendment because I know, as you do, that it is not the right time to move it. I wanted to make a positive contribution to the proceedings of the House and mention the changes which I think should be made. I am doing so by just explaining the amendment. I know that to amend it another amendment must be moved and the bill itself must be referred back to the committee for amendment. However, I should like the government members to be aware of the amendment that I should like to see made to the bill.

Mr. Gilbert Rondeau (Shefford): To my mind, this bill is very important—

[*English*]

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, I rise on a point of order. We agreed to sit beyond ten o'clock to hear the hon. member for Lotbinière (Mr. Fortin) complete his speech. I do not think we agreed to sit indefinitely. Perhaps the hon. member for Shefford (Mr. Rondeau) could tell us how long he intends to speak.

[Mr. Fortin.]

[*Translation*]

Mr. Rondeau: Mr. Speaker, I regret having to inform the hon. member for Winnipeg North Centre that when it was asked whether there was unanimous consent, I refused because I had some remarks to make. But I do not know why the Chair disregarded my objection to the unanimous consent and, under my privilege as a member, I think that I could make my remarks this evening, if the House allows me to do so, or later, if it does not.

[*English*]

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, I have no objection to the hon. member having time to make them, but I think tomorrow is a better day on which to make them than going on tonight.

The Acting Speaker (Mr. Laniel): Order, please. So far as the Chair is aware, unanimous agreement was given to going beyond ten o'clock, with no restriction. The hon. member for Shefford (Mr. Rondeau) says that he expressed a negative opinion regarding the extension of time, but he did not seek the floor to express that opinion. So as far as the Chair is concerned, unanimous consent has been given to going beyond ten o'clock, with no restriction. I put myself in the hands of the House as to how long this debate is to continue, but so far as the Chair is concerned, in my interpretation of the agreement I do not see how I can restrain the hon. member who is seeking the floor, from speaking.

Mr. Knowles (Winnipeg North Centre): I thought my understanding was clear, that the debate was to go beyond ten o'clock to hear the hon. member for Lotbinière; but if it is thought to have been something else, I will not stand in the way. However, I hope the hon. member will be brief.

[*Translation*]

Mr. Rondeau: Mr. Speaker, I do not intend to speak at length—

The Acting Speaker (Mr. Laniel): Order, please. I hope the hon. member will forgive me for interrupting him, but the hon. member for Saint John-Lancaster (Mr. Bell) is rising on a point of order.

[*English*]

Mr. Bell: Mr. Speaker, I merely wish to inquire as to the intention of the House with regard to the adjournment debate, because two members of our party are to take part in it and they are waiting. I do not know what great acceleration is needed for the passage of this bill, but may I inquire what is to happen to the "late show"? I might add that I do not think we should sit beyond 10.30 in any event, at least for the sake of the staff.

The Acting Speaker (Mr. Laniel): Order, please. So far as the Chair is concerned, I am available and unless the House wishes to dispense with the "late show," it will go on. So I do not see any problem.

• (2210)

[*Translation*]

Mr. Fortin: Mr. Speaker, on a point of order. When I asked to be recognized, the only thing I said was, if you

remember: "Mr. Speaker, may I draw your attention to the fact that it is 10 o'clock." Immediately, I was asked by all the parties whether I could not make my remarks immediately to expedite the third reading of Bill C-2. I agreed with pleasure.

I made my remarks as brief as possible as I was anxious to co-operate with my colleagues and in order that the bill could be dealt with tonight. However, the House deprived us of our right to speak to get it over with the bill tonight. It is then on the basis of this same point of order that my colleague for Shefford (Mr. Rondeau) would like in his turn, even if he has only brief remarks to make, to have at least the privilege of making them; otherwise this would mean that I have been misled. I said I would be brief—

The Acting Speaker (Mr. Laniel): Order. I would point out to the hon. member that, as far as the Chair is concerned, this point of order has already been clarified and I do not see, unless the House decides otherwise, any need to come back on our decision to sit beyond 10 o'clock and how the Chair can prevent the member for Shefford (Mr. Rondeau) from presenting his point of view.

Mr. Gilbert Rondeau (Shefford): Mr. Speaker, I wish to thank my hon. colleagues.

In my opinion, this bill is quite important. I have had no opportunity to make my remarks before today. I have personally received many letters concerning certain paroled people who are well known in my riding. It was my duty to rise at this stage of the debate and contrary to the statements of the parliamentary secretary about this bill, my remarks will dwell mainly on the parole system. The *Journal de Montréal* of November 21, 1971, on the occasion of a convention of the Quebec Police Association reported that the chiefs of police were "fed up"—this is their own words—with the Parole Board attitude. Me too!!

Yet, when we are blamed for not attending the committee meetings which studied the parole system and ignored the recommendation already made to the government by the Quebec Police Association, it seems to me that we are wasting our time in this committee, for we know very well at the present time that some things are taking bad turns in this field.

I have here a pamphlet published by the Parole Board which states on page 3 or 4—the pages are not numbered—and I quote:

> Parole in Canada—
>
> —The inmate should normally complete one third of his sentence before he can obtain parole.

Mr. Speaker, on May 12, I received a letter—I refrain from giving names, but this is a patent case—in which the author told me, and I quote:

> We have just learned that—, an inmate at the prison of—, is going to receive permission to go outside to work and will have to come back to the prison only on evenings and weekends.

This case is really shocking. This is something that is taking place in the Eastern Townships.

I keep on quoting:

> Presently, he goes out as he pleases, accompanied by a guard. It is revolting to consider that the taxpayers' money is used to hire a private chauffeur for this prisoner. Why did he not remain in a prison of— It would be interesting to find out how he could manage to be transferred to—
>
> Why is it that some persons can thus dispose of the life of their spouse, and in spite of an 8 year sentence given in October 1971 by Judge—, he is released six months later, even though a parole investigation has been refused in February 1972? Is this the only punishment inflicted on a man guilty of murdering his wife, a few months in jail with as many furloughs as he wants,—all this with the taxpayers' money? We protest against such a use of revenues—

Mr. Speaker, I could go on *ad infinitum*, citing similar cases. The parliamentary secretary can well say that his bill will bring improvements, but some public agencies, police forces, public bodies in Canada have known of some premature releases. Even if a prisoner is supposed to serve a third of his sentence, we have evidence showing that prisoners sentenced to 8, 10, 12, 15 years emprisonment have come out three or four months after their conviction.

Here is an article published in the *Journal de Montréal* of November 21, 1971, and I quote:

> The Quebec Association of Police Chiefs is fed up with the Parole Board. It feels that it is too generous towards repeaters.
>
> Mr. Guy-Paul Simard, vice-president of the Association and chief of police of Trois-Rivières, told us yesterday following a meeting of the council that a resolution was unanimously passed in order to draft an exhaustive brief on the matter.
>
> We would like the Board to give a little more consideration to criminal records and show a little more rationality in its proceedings, Mr. Simard said. He added, we have been deploring for some time now the death of policemen killed in the performance of their duties because of individuals who had benefited from the leniency of parole.
>
> Director Simard also mentioned that in many cases, especially in armed robberies policemen were shot at by gangsters who, and I repeat, should have been behind bars.

Mr. Speaker, I have here a complete set of documents, correspondence and even editorials from newspapers, from television and radio, which all express opinions against the bill we want to railroad through tonight.

That is why, Mr. Speaker, I move, seconded by the hon. member for Lotbinière (Mr. Fortin), the following amendment:

> That Bill C-2 be not now read a third time, but that it be referred back to the Standing Committee on Justice and Legal Affairs for the purpose of reviewing clause 44 and particularly paragraph (a)

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

[*English*]

Mr. MacEachen: Mr. Speaker, in view of the lateness of the hour, and the arrangement that did not contemplate a division at this hour of the night, I wonder if hon. members would agree to defer division on this amendment until tomorrow. There seem to be no further speakers. We could deal with this amendment and have third reading immediately when orders of the day are called tomorrow. If that were agreeable it would assist the situation.

Mr. Bell: Mr. Speaker, I think this is a very practical idea, particularly because of the "late show" and the staff.

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, could I accommodate by moving the adjournment of the debate?

Proceedings on Adjournment Motion

Mr. MacEachen: I understand that the House will order that we will have no further speeches and the vote on third reading as the first item of business tomorrow.

• (2220)

The Acting Speaker (Mr. Laniel): If I may refer to the proposal of the President of the Privy Council (Mr. MacEachen), am I to understand that his proposal, if accepted, would become an order to the effect that this vote would be taken as the first order of business, without any debate?

[*Translation*]

Mr. Fortin: Mr. Speaker, because of our willingness to expedite at all times the business of the House, I agree with the proposal put forward by the President of the Privy Council.

[*English*]

The Acting Speaker (Mr. Laniel): Is this agreed?

Some hon. Members: Agreed.

The Acting Speaker (Mr. Laniel): It is so ordered.

PROCEEDINGS ON ADJOURNMENT MOTION

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

FISHERIES—ATLANTIC SALMON—SUGGESTED BOYCOTT OF DANISH GOODS

Mr. Walter C. Carter (St. John's West): Mr. Speaker, on May 10, as reported at page 2143 of *Hansard*, I asked the Prime Minister (Mr. Trudeau) if he would join the Minister of Fisheries (Mr. Davis) in endorsing a consumer boycott of Danish products entering Canada as a means of protesting the Danish position on fishing for salmon on the high seas. The Prime Minister replied that it is not government policy to promote such a boycott.

The story of the government's ban on the commercial salmon fishery and the reasons therefor have been repeated in this House on a number of occasions. The Minister of Fisheries has stated publicly that the action taken by the Canadian government is intended to embarrass the Danes. Mr. Speaker, how naïve can the Minister of Fisheries be? The reaction from Denmark was exactly what any level-headed person would have expected: they told our government and Canadians in no uncertain terms exactly where they could go and what they could do.

In his statement to the House on April 24 the Minister of Fisheries said that last year the catch of Atlantic salmon by Denmark alone was four times that of all our fishermen. I suggest that that is an understatement. According to the minister's own figures, the number of salmon taken by the Danes last year was 15 times the number taken by fishermen in the three New Brunswick rivers in which the ban has been applied. Why is the government penalizing Canadian fishermen and denying them the opportunity to augment their incomes when actually the Danes are the worst offenders? The Danes are destroying the resource, not Canadian fishermen. It just does not make sense that we should try to ban salmon fishing for our fishermen and then make Canadian salmon available to the fishermen of Denmark.

Canada, Mr. Speaker, is trying to be the nice guy in international politics. But I say it is about time we showed some spunk.

Mr. Bell: Hear, hear!

Mr. Carter: We should be more concerned about protecting our rights and those of our fishermen that trying to maintain the image of Mr. Clean. I suggest that Canada should stop beating around the bush. Let us hit Denmark where it will hurt, in the $30 million worth of exports that enter this country annually from Denmark. If this government had any guts it would do everything in its power to prevent the sale of any Danish product in this country. And I think, Mr. Speaker, that Canadians would be only too willing to join in such an effort; they would respond to that kind of leadership.

Tonight I should like to urge Canadians across this country to take a stand for their Atlantic salmon fishermen and refuse to buy anything that is imported from Denmark. Treat it as a deadly poison: don't buy it, don't eat it and don't have anything to do with it. Let us continue that policy for as long as Denmark thumbs its nose at Canada.

Unless and until our government and our people are prepared to do that, until we are prepared to stand up and let the Danish government and Danish fishing interests know where we stand, I do not think we have any right to ask our fishermen to go along with stupid regulations which are only having the effect of protecting our salmon resource for the Danes.

Mr. Barnett J. Danson (Parliamentary Secretary to Prime Minister): Mr. Speaker—

An hon. Member: What do you know about salmon?

Mr. Danson: In response to the hon. member, I have had a close association with salmon, in all its forms, all of my life. This is a serious matter which the hon. member for St. John's West (Mr. Carter) has raised. It is a new venture into international relations which has been raised in the House. As the Secretary of State for External Affairs (Mr. Sharp) said in answer to a question asked by the hon. member for Hillsborough (Mr. Macquarrie) on, I believe, May 3, this is the strongest representation made on commercial grounds that has ever been made, in his memory, in our country's history in relation to any other country. As the Prime Minister (Mr. Trudeau) said, boycotts or sanctions in cases such as this are not government policy.

Our position has been made clear to the government of Denmark. It will be discussed at the International Conference for Northwest Atlantic Fisheries. The hon. member is calling for a step which is not consistent with Canada's stance in the past. The fact that the Danes are not recognizing the Canadian position in this matter is not reason for us to retaliate and make the situation that much worse. I think that Canada's position is a proper one. We do not think the Danish position is proper. I think private-

ly that this is a matter of great personal sorrow as our people have always respected Denmark and the Danish people.

In spite of the fact the government's position is not one of imposing a sanction or boycott, there is nothing to prevent the people of Canada doing what they have done in other cases to show their disfavour with other countries or products from other countires, using their own judgment and following their own conscience with regard to purchasing goods from a country whose views they do not uphold or whose posture they do not support on a specific issue such as this.

I can only repeat that the government has made the very strongest representations, perhaps the strongest ever made on a matter of this kind. However, it is not the government's policy to impose sanctions on such an issue. The representations will be pursued and pursued vigorously.

REGIONAL ECONOMIC EXPANSION—POSITION OF DISCUSSIONS WITH PROVINCES ON PROGRAMS

Mr. John Burton (Regina East): Mr. Speaker, on April 17 I asked the Minister of Regional Economic Expansion (Mr. Marchand) the following question:

> Can the hon. gentleman tell us what stage discussions have reached with the provinces, particularly concerning the department's programs and designated regions and special areas beyond the 1972 expiry date?

The minister replied:

> We are still in consultation and negotiation with the provinces.

I then asked the further question:

> Can the minister tell us whether his department has proposed that the present boundaries and scope of the programs remain as they are, or has he proposed some changes to existing programs?

I must have caught the minister at a loss for words. All he could do was reply with a smart answer. He said:

> We are in negotiation with the provinces, not with the hon. member.

I was not aware there had been any doubt about with whom negotiations were being carried on. The reason for my question is my concern about the future of some of the regional development projects and programs in light of the experience over the past year and the fact that some of the programs are due for renewal, revision or expiry within the next month and a half. Now is the time to look at these programs, to learn from experience and figure out the best route to follow and the best policy to adopt in the future.

Basically, there are three areas of concern. One is to analyse the effectiveness of programs to date. Second is to consider future emphasis and priority and programs, and third is to consider the regions that benefit from the programs undertaken. First of all, on the effectiveness of the programs I think our concern rests in particular with the operation of the Regional Development Incentives Act. Two hundred and thirty-three million dollars was committed under this program to the end of March, largely to private industry.

• (2230)

I think one of the basic criticisms of this program is that the government simply fills a passive role. In other words, it simply responds to initiatives taken by private enterprise, taken by others, rather than taking initiatives or leadership itself. In effect, there is no real plan in operation in terms of promoting industrial development, in terms of promoting an over-all development plan.

I think the question that must be asked is, in many cases would these plants have been built anyway? Under the program that preceded RDIA I think it was concluded that many of these plants would have been built even without this assistance, and it has been suggested by many reputable authorities, including one person before the standing committee today, that this is certainly a suspicion and a conjecture with respect to the present situation.

I think another question that should be asked is, could these funds be better used for other priorities, for other programs? I think, as well, we must ask ourselves the question, are we in fact building a high-cost structure into our industrial system? I think we must also ask what progress is being made, or has been made in eliminating regional disparity. The current program has been in effect for only three years. We certainly did not expect miracles to be worked during that time and we did not expect regional disparities to be eliminated. But we did expect to see a greater measure of progress than has been evident to the present time.

In considering future emphasis and priority I think we must look at our infrastructure program. We must place more emphasis on infrastructure programs to develop municipal facilities, community facilities, the types of facilities that are needed by all the people in a community and that in fact reduce the cost of producing goods and services and the cost of living for people living in areas which are disadvantaged.

At the present time the department has special regions in 22 communities of the country. I think this program could very well be extended and that more emphasis is needed in this area. I think, as well, we need to make the Canada Development Corporation the major instrument for carrying out development policy in regions. But it needs to be a different kind of Canada Development Corporation. We need a Crown corporation that is free to act in a variety of ways and is established to benefit the working people of Canada, rather than make profits in particular ventures.

We also have to consider the regions which benefit from these programs. This, of course, involves the designated areas which are now being reviewed. At the present time over one half of the country is in designated areas. There are rumours to the effect that the government is simply going to continue the present boundaries. What sort of imagination is this? It demonstrates an attitude of "I'm all right, Jack; everything's okay." Hasn't the department learned anything during the past years? Are they going to retain the present boundaries? What sort of a rationale is there for retaining the present boundaries?

In my own province of Saskatchewan there certainly is no rationale. I can give a good example involving my

home town of Humboldt, where a detour was made around the town so that it could be included in a designated area. It happens to be the home town, as well, of the one cabinet minister from Saskatchewan. I have no objection to the inclusion of my home town as a designated area. But if there is a rationale for including that community in the designated areas, I can name for the parliamentary secretary and the minister many other communities in the province of Saskatchewan and elsewhere where there are equally good or better reasons for including communities in such designation.

In my own province of Saskatchewan I think there are particular problems at the present time which have arisen over the past several years, in large part due to the mismanagement of the Liberal government which was finally kicked out of office last summer. I think there is a strong case for more emphasis on programs in the province of Saskatchewan.

The latest census figures show that the population of Saskatchewan dropped by 29,000 between 1966 and 1971. When the natural increase in population is considered, the net out-migration is even higher. Since June 1, 1971, Statistics Canada estimates indicate that the population fell a further 7,000 by January 1, 1972, to a figure of 919,000. Income levels in Saskatchewan in recent years are one of the causes of out-migration. Our income levels in 1970 ranked seventh in terms of personal income per capita among the Canadian provinces. There was an improvement in 1971 and I am sure there will be some improvement in 1972 as a result of policies by the new government of the province of Saskatchewan.

Unemployment figures in Saskatchewan may be regarded as relatively low, but this is largely because of the out-migration factor, which means that in effect we export our unemployment.

The Acting Speaker (Mr. Laniel): Order. I regret having to interrupt the hon. member, but the time allotted to him has expired.

Mr. John Roberts (Parliamentary Secretary to Minister of Regional Economic Expansion): Mr. Speaker, I followed the remarks of the hon. member for Regina East (Mr. Burton) with a great deal of interest. He raised a number of very interesting questions in a rather far-ranging speech this evening. He has made a valuable contribution, as he has in the committee where I think he is one of the most serious and concerned members. As he said, the committee has been dealing with exactly some of the questions he has raised in its hearings which have been taking place over the past several weeks. I would be unable, in view of the time allotted to me, to go over all the ground and reply to him point by point, so I urge hon. members who are interested in pursuing these very important questions to read the evidence presented to the committee.

In view of the exhortation of the hon. member for Saint John-Lancaster (Mr. Bell) that because of the lateness of the hour we try to bring the sitting to a close as quickly as possible, out of consideration for the staff, perhaps I should content myself by saying that in relation to the question the hon. member for Regina East raised on June 17 regarding the stage which discussions had reached with the provinces in respect of the status of the designated regions and special areas, as the minister has indicated on a number of occasions, most recently in the House and before the standing committee, the department is consulting the provinces about the review of designated regions and special areas. As soon as the process of consultation is completed and the government has come to a decision, this House will be informed of the outcome. I am afraid that at the present time there is nothing else on the subject that can be said.

INDUSTRY—VERSATILE MANUFACTURING LIMITED—PROPOSED EXPANSION IN UNITED STATES RATHER THAN CANADA—DISCUSSIONS WITH COMPANY OFFICIALS

Mr. Don Mazankowski (Vegreville): Mr. Speaker, tonight I wish to address to the parliamentary secretary a question which arises from questions that I have been directing to the Minister of Industry, Trade and Commerce (Mr. Pepin) regarding Versatile Manufacturing Company, which is based in Winnipeg and has announced its intention to expand its operations into the United States. As most hon. members know, Versatile is a manufacturer of farm machinery and has, in my opinion, contributed more to reducing the price of farm machinery in western Canada than any measure introduced by the industry collectively, and certainly by the government, including its ill-fated Barber report which was stalemated before it was completed and is now doing nothing more than collecting dust.

Versatile is a Canadian company founded by two very industrious and innovative western Canadians on the assumption that farm machinery can be manufactured in western Canada which would not only be very satisfactory in suiting the needs of the agricultural industry but would also be sold at a reasonable price. Western Canadians, farmers and the public in general have watched the operation grow and, I might add, without the aid of government grants and concessions. This corporation has grown over the years to the point where it is now doing in excess of $25 million worth of business, employing some 800 people directly, plus the fact it has some 700 dealers distributed throughout the United States and Canada.

• (2240)

It has exported more than 60 per cent of its total production. I might say it has introduced many new concepts of design which have been followed by many other international manufacturers. It has steadily distinguished itself as a leader in farm machinery manufacturing, but because of the treatment of this company through the tax policies of both the federal government and the Manitoba government to some extent, coupled with the impact of the DISC proposals, the company has now announced plans to develop a subsidiary corporation for the purpose of manufacturing component parts in North Dakota in the United States. It plans to develop a subsidiary which will employ 100 people.

This could very well mean the beginning of the total transfer of this operation to the United States. I have asked the Minister of Industry, Trade and Commerce whether his officials have had discussions and have

indeed approached the officers of the corporation with a view to having them review their decision and determine the exact reasons the move is being contemplated. The minister suggested that conversations were held with the officers of the Versatile corporation. However, upon discussing this with the principal officers of the Versatile Manufacturing company I have found this is not the case. As a matter of fact, there had been no consultations prior to my raising the question on May 11 this year.

If, as the minister pointed out, discussions were indeed held, the president and the vice-president know nothing of such discussions. Therefore, I believe in all fairness that if the Department of Industry, Trade and Commerce is at all concerned about maintaining this important industry in Canada, some meaningful initiative should be taken to meet with the officials of the Versatile corporation in the hope of having this expansion take place within Canada. The president of Versatile corporation pointed out to me that they are not asking for any concessions; they are simply interested in equal and fair tax treatment. For example, Versatile operating in the province of Manitoba pays in the order of 54 per cent corporate tax. It is being asked to compete against major international machinery firms, including such mainline companies as Massey-Ferguson which I am told has been paying 31.6 per cent in corporate tax over the past three years, based on its international operations, and compared with John Deere which is paying in the order of 10 per cent based on its international operations. Add to this the impact of the DISC proposals and you have a situation which is literally driving this corporation out of the country.

In all sincerity I believe the minister and his officials should immediately take action to set up the necessary machinery and initiatives to hold meaningful consultations and discussions with the senior officials of the corporation with a view to having the operation established in Canada. There is a debate going on today about the branch plant economy which is prevalent in this country. It seems to me that if we do not do anything to bolster the Canadian corporations which are operating within the country, we will have nothing more to look forward to than a continuation of this so-called branch plant economy. I urge the minister, through his parliamentary secretary, to take immediate action to have this expansion by the Versatile corporation come about somewhere in Canada.

Mr. Bruce Howard (Parliamentary Secretary to Minister of Industry, Trade and Commerce): Mr. Speaker, I am very pleased to have an opportunity to clear up a number of points with regard to the Versatile Manufacturing Company. First of all I want to say quite clearly that officials of our department have been in close contact with a number of officials of the Versatile Manufacturing company, including Mr. Robinson, the president, with whom officials of the department have met and to whom they talked in the last couple of weeks. Over a period of time other officials have been contacted in the department in connection with programs to assist them and advise with regard to marketing and production programs. Officials of Versatile have participated in scientific exchange missions to Germany and Russia and in trade fairs overseas and in the United States. So, as the hon. member can see, our department has had close contact with this company over a long period of time.

I want to say also that insofar as the DISC legislation is concerned, officials of this company have informed us that this legislation has not had a part in their decision to embark upon a manufacturing program in the United States. Also, the plant operation in Canada, which is now operating at a high employment level, will continue to operate in Canada. It is anticipated that this employment level will continue.

I would remind the hon. member of the recent tax changes which were brought in in the budget a week ago, which will reduce corporate tax a great deal and make it possible for companies such as this to compete more favourably with foreign operations abroad. I also want to remind the hon. member that Canadian manufacturers of agricultural machinery do not obtain any assistance from tariffs because of changes that were made a number of years ago which have brought the manufacturing and production of farm machinery in Canada down to the lowest possible level.

Mr. Mazankowski: Answer the question: Are you going to have discussions with Versatile?

Mr. Howard (Okanagan Boundary): I have answered the question. I said officials have dealt very closely with officials of Versatile for a considerable period of time. I have dealt with all of the points that have been raised in the hon. member's question. I have also said that the company will continue to manufacture in Canada at a very high level, and that the DISC program is not a factor in the decision of the company to establish a plant at Fargo, North Dakota.

All these points refute the points raised by the hon. member earlier. I think they indicate clearly that the Department of Industry, Trade and Commerce has been assisting this company in a great many ways to make them into a profitable and prosperous company in Canada and to make sure that they continue to serve the Canadian farming industry with products which are so famous and which have earned such an esteemed place in the Canadian economy.

The Acting Speaker (Mr. Laniel): Order, please. The motion to adjourn the House is now deemed to have been adopted. This House stands adjourned until tomorrow at 2 p.m.

Motion agreed to and the House adjourned at 10.50 p.m.

HOUSE OF COMMONS

Wednesday, May 17, 1972

The House met at 2 p.m.

[*Translation*]

ROUTINE PROCEEDINGS

COMMITTEES OF THE HOUSE

MISCELLANEOUS ESTIMATES

Second report of Standing Committee on Miscellaneous Estimates—Mr. Leblanc (Laurier).

[*English*]

BROADCASTING, FILMS AND ASSISTANCE TO THE ARTS

Second report of Standing Committee on Broadcasting, Films and Assistance to the Arts—Mr. Reid.

[*Editor's note: For text of above reports, see today's Votes and Proceedings.*]

* * *

DRUGS

TABLING OF REPORT OF LE DAIN COMMISSION ON CANNABIS

Hon. John C. Munro (Minister of National Health and Welfare): Mr. Speaker, pursuant to Standing Order 41(2) I should like to table in the two official languages copies of "Cannabis—A Report of the Commission of Inquiry into the Non-medical Use of Drugs."

* * *

[*Translation*]

FEDERAL-PROVINCIAL RELATIONS

STATEMENT BY PREMIER BOURASSA ON FEDERALISM—REQUEST FOR UNANIMOUS CONSENT TO MOVE MOTION UNDER S.O. 43

Mr. Roch La Salle (Joliette): Mr. Speaker, I should like to move, under Standing Order 43, a motion concerning a matter of public interest.

Referring to the answer that the Prime Minister gave yesterday about a letter dated March 11, 1972 that he addressed to the Premier of Quebec concerning the suggestion of prior negotiations between both governments on any decision directly or indirectly involving the province of Quebec, I ask for the unanimous consent of the House in order to move, seconded by the hon. member for Manicouagan (Mr. Blouin):

That the Prime Minister put on record the said correspondence.

Mr. Speaker: The House has heard the motion moved by the hon. member for Joliette under Standing Order 43. This motion requires the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

Mr. Speaker: The hon. member's motion cannot be put since there is not unanimous consent.

* * *

[*English*]

POST OFFICE

MAIL SERVICE BETWEEN EDMONTON AND CALGARY—REQUEST FOR UNANIMOUS CONSENT TO MOVE MOTION UNDER S.O. 43

Mr. Don Mazankowski (Vegreville): Mr. Speaker, I rise under the provisions of Standing Order 43 to ask leave of the House to propose a motion concerning a very urgent and pressing matter arising from the continued deterioration of postal services. The urgency arises from the fact that the provincial government of Alberta has now been forced to enter into a contract with a private mail courier for service between the cities of Edmonton and Calgary. This move has been necessitated to improve communication between government departments which, through normal mail services, has degenerated to the point where departmental efficiency is seriously affected. I therefore move, seconded by the hon. member for Edmonton East (Mr. Skoreyko):

That the Standing Committee on Transport and Communications be instructed to immediately investigate into all aspects of mail delivery service throughout Canada and, in particular, the service between the cities of Edmonton and Calgary.

Mr. Speaker: This motion is proposed to the House under the terms of Standing Order 43. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

Mr. Speaker: The motion cannot be put.

* * *

ELECTORAL BOUNDARIES READJUSTMENT ACT

AMENDMENT TO EXTEND POPULATION VARIATION IN RESPECT OF CERTAIN RIDINGS

Mr. John M. Reid (Kenora-Rainy River) moved for leave to introduce Bill C-212, to amend the Electoral Boundaries Readjustment Act (rules).

Questions

Mr. Speaker: Is it the pleasure of the House that the hon. member shall have leave to introduce the said bill?

Some hon. Members: Explain.

Mr. Reid: Mr. Speaker, this bill will enable the representation commission to extend the variation in the rules that permits the 21 ridings in schedule III of the Canada Elections Act to be treated differently from other ridings. Instead of the 25 per cent variance now provided with regard to the population of these ridings, the representation commission would be entitled to depart from the electoral population quota to the extent of 50 per cent for the 21 large ridings in schedule III.

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

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

SUPPLEMENTARY RETIREMENT BENEFITS ACCOUNT

Question No. 31—Mr. Knowles (Winnipeg North Centre):

1. What was the total amount contributed (a) by employees (b) by the government to the Supplementary Retirement Benefits Account during the period April 1, 1970 to March 31, 1971?

2. What was the total amount paid out of the Supplementary Retirement Benefits Account, during the period April 1, 1970 to March 31, 1971, in the form of pension supplements and to how many individuals were such pension supplements paid at any time during that period?

3. What was the balance at credit in the Supplementary Retirement Benefits Account as at March 31, 1971?

Hon. C.M. Drury (President of the Treasury Board): Table I of the Report on the Administration of the Supplementary Retirement Benefits Act for the fiscal year ending March 31, 1971 as tabled in Parliament on March 29, 1972 is hereby presented in answer to all three parts of the question.

Supplementary Retirement Benefits Account 1970–71

Receipts	
Contributions—Members of the Plans*	$12,842,714.17
Matching Contribution—Government	12,329,433.25
—Other	521,074.39
Interest	163,631.61
Total	$25,856,853.42
Disbursements	
Annuities**	$19,056,718.94
Withdrawal of Contribution	189,706.77
Net Transfer to Other Pension Funds	23,788.49
Total	$19,270,214.20
Excess of Receipts over Disbursements (Balance March 31, 1971)***	$ 6,586,639.22

*Those making contributions include Members of Parliament, the Public Service, the Armed Forces and the Royal Canadian Mounted Police.

**Numbers of individuals to whom these supplemental annuities were paid during the period was approximately 73,000.

***Since 1970–71 was the first year of the operation of the account, this figure is the total balance at credit at March 31, 1971.

CNR—PENSION FUNDS

Question No. 38—Mr. Knowles (Winnipeg North Centre):

1. What was the total amount of money in the books of the pension funds of the Canadian National Railways as at (a) December 31, 1969 (b) December 31, 1970 (c) December 31, 1971?

2. What rate of interest was earned on these funds during (a) 1969 (b) 1970 (c) 1971?

3. What amount of interest was credited to these funds during the years ending (a) December 31, 1969 (b) December 31, 1970 (c) December 31, 1971?

4. What amount of money was added to these funds from employee contributions during the years ending (a) December 31, 1969 (b) December 31, 1970 (c) December 31, 1971?

5. What amount of money was added to these funds as regular or current contributions by the Canadian National Railways during the years ending (a) December 31, 1969 (b) December 31, 1970 (c) December 31, 1971?

6. What amount of money was added to these funds in any other way by the Canadian National Railways during the years ending (a) December 31, 1969 (b) December 31, 1970 (c) December 31, 1971?

7. Is money owed to the above funds by the Canadian National Railways and, if so, how much and what arrangements are being made to meet such debt?

8. What was the total amount paid out of the above funds in pensions during the years ending (a) December 31, 1969 (b) December 31, 1970 (c) December 31, 1971?

Mr. Gérard Duquet (Parliamentary Secretary to Minister of Transport): The Management of Canadian National Railways advises as follows:

1. The total amounts of the investments, cash and other current assets in the books of the Pension Trust Funds were: As at 31 December 1969, $789,349,551; As at 31 December 1970, $818,203,051; As at 31 December 1971, $870,758,014.

2. To calculate the yield we have used Statistics Canada formula and the information requested in Question (1) and (3). Under this formula, the investment is deemed to be: Opening Investments etc., plus closing Investments, etc. less Earnings. On this basis, the yield is: 1969, 5.61 per cent; 1970, 3.05 per cent; 1971, 5.55 per cent.

3. Net earnings on investments of the Pension Trust Funds were: Year ended 31 December 1969, $41,835,484; Year ended 31 December 1970, $23,984,003; Year ended 31 December 1971, $45,103,796.

4. The amount of money added to these funds from employees' contributions were:

	Employees' Contributions	Refunds	Net
	$	$	$
Year ended 31 December 1969	27,663,135	4,759,081	22,904,054
Year ended 31 December 1970	29,883,023	4,533,904	25,349,119
Year ended 31 December 1971	36,848,878	6,196,345	30,652,533

5. The amount added to these funds as regular or current contributions by Canadian National Railways was: Year ended December 31, 1969, $31,297,991; year ended December 31, 1970, $32,634,760; year ended December 31, 1971, $39,494,641.

6. Payments by Canadian National Railways against the Unfunded Liabilities in accordance with the Pensions Benefits Standards Act: Year ended December 31, 1969, $326,422; year ended December 31, 1970; $600,152; year ended December 31, 1971, $2,326,714.

7. As at December 31, 1971 Canadian National Railways owed the fund $2,681,944. This represents the normal monthly clearance paid off in January 1972 arising from Company and employee contributions less pensions paid and refunds.

8. Total amounts of the pensions paid out of the Pension Trust Fund were: Year ended December 31, 1969, $50,335,506; year ended December 31, 1970, $53,714,534; year ended December 31, 1971, $65,022,721.

CMHC—COMMITMENT FOR RICHMOND SQUARE HOUSING COMPLEX

Question No. 46—**Mr. Ryan:**

1. What was the total commitment of CMHC to the developers of the Richmond Square CMHC housing complex?

2. What amount of the loan has been advanced?

3. Are the mortgage payments in arrears and, if so, in what amount?

4. For what reason has the part of the complex which does not appear to have settled not been completed and occupied?

5. Has a decision been taken to condemn or demolish the project in whole or in part?

6. What firms have been developing the project and are any of them in bankruptcy as a result of Richmond Square errors in planning, engineering and inspection?

7. Is a lawsuit in progress with respect to the Richmond Square development and, if so, who are the plaintiffs and the defendants?

Hon. Ron Basford (Minister of State for Urban Affairs): 1. The total commitment of Central Mortgage and Housing Corporation for the Richmond Square housing project is $2,308,500.

2. The total amount advanced on the loan to date is $1,324,681.14.

3. The loan is not yet on repayment and mortgage payments are not, therefore, in arrears.

4. The apartment building functions with common elements of heat, water, electricity and elevators. The faults that have caused part of the building to settle must be rectified before the sound part is completed and occupied.

5. No.

6. The project has been developed by Stanton Wright and Gino Bottero carrying on business in partnership under the firm name and style of Chesterfield Realty Limited. This firm, or its principals, are not in bankruptcy.

7. An action was commenced on May 4, 1971, in the Supreme Court of Ontario by Chesterfield Realty Limited, as Plaintiffs, against Turland Construction Limited, J. T. Donald and Company Limited, and Jack N. Grosman.

COST OF ST. LAWRENCE SEAWAY

Question No. 84—**Mr. Coates:**

1. What has been the cost to date of constructing the St. Lawrence Seaway?

2. Of the total cost, how much has been recovered by the federal treasury?

3. What is the rate of interest charged by the federal government on the outstanding loans?

4. What is the total amount of accumulated interest on the loans made by the federal government to the St. Lawrence Seaway Authority and what is the outstanding indebtedness of the Authority at the present time of both principal and interest?

5. What were the total receipts of the Authority from tolls for each of the years since the Seaway has been in operation?

6. Is it the intention of the federal government to alter, in any manner, the system of repayment of the outstanding obligations of the Seaway Authority?

Mr. Gérard Duquet (Parliamentary Secretary to Minister of Transport): The St. Lawrence Seaway Authority advises as follows:

1. Total Construction Cost to 31 December 1971.*

	(000's $)
Montreal—Lake Ontario Section	336,744
Welland Canal	101,622
Welland By-Pass	144,570
	582,936

*Includes interest during construction $36,431.

2. None.

3. Average Interest Rate applying to Outstanding Loans as at 31 December 1971

		%
		4.5528
Interest bearing loans	(000's $)	%
Montreal—Lake Ontario Section	337,900	4.3549
Welland Section	146,350	7.2652
	484,250	5.2345
Interest free loans—Welland	72,500	—
	556,750	4.5528

4. (000's $)

	Accumulated Interest				
	Total Acrued	Paid	Out-standing Interest	Out-standing Loans	Total Debt 31/12/71
Montreal—Lake Ontario Section	214,294	133,147	81,147	337,900	419,047
Welland Section	34,901	16,469	18,432	218,850	237,282
	249,195	149,616	99,579	556,750	656,329
Includes interest during construction	36,431	17,999	18,432		

Questions

5. Tolls and Lockage Charges

	(000's $)		
	Montreal—Lake Ontario Section	Welland Canal	Total Receipts
	(Tolls)	(Charges)	
1959	7,105	1,224	8,329
1960	7,156	1,327	8,483
1961	8,086	1,462	9,548
1962	8,914	641	9,555
1963	10,730	—	10,730
1964	13,545	—	13,545
1965	15,481	—	15,481
1966	17,282	—	17,282
1967	16,356	926	17,282
1968	18,141	1,756	19,897
1969	15,636	2,502	18,138
1970	18,599	3,545	22,144
1971	20,041	4,347	24,388
	177,072	17,730	194,802

6. The government has under study the Seaway Authority's financial structure to determine whether its obligations should be changed to be in line with a realistic assessment of anticipated revenues. Although the Seaway Authority has, since 1959, returned over $115 million to the Federal Government, over and above operation and maintenance costs on the Montreal-Lake Ontario section, it has not been able to meet its total interest liability nor repay any portion of the original cost of construction. As a result of the shortfall in interest payments, the outstanding indebtedness of the Authority has risen to the point where it is no longer reasonable to expect that future toll revenues can meet the obligations of the Authority under its existing financial structure. In 1970, the U.S. Government revised the financial structure of the American counterpart to Canada's Seaway Authority, the Saint Lawrence Seaway Development Corporation, so as to require the Corporation to only cover annual operation and maintenance costs and repay the original capital costs of construction—accrued and future interest obligations were waived. This approach, along with other proposals, such as those contained in the Carr Report, present themselves as possibilities for altering the present system of repayment of the outstanding obligations of the Seaway Authority.

DARTMOUTH PUBLIC WHARF

Question No. 185—**Mr. Forrestall:**

With respect to the reply to Question No. 127 at page 1277 of *Hansard* dated November 18, 1970 (a) what were the conclusions of the consulting firm's report (b) what recommendations have been received to date by the government from the management of Halifax Harbour (c) what action is contemplated in the immediate future?

Mr. Gérard Duquet (Parliamentary Secretary to Minister of Transport): The National Harbours Board advises as follows: (a) The consulting firm's report was inconclusive as to whether the wharf should be demolished or repaired. (b) Decision on repair or demolition of Dartmouth Pier be deferred until completion of harbour resource study which is underway and expected to be completed by May 31, 1972. In the meantime the scrap metal and unsightly material have been removed from the wharf. (c) See (b).

[Mr. Duquet.]

ASSISTANCE UNDER PRAIRIE GRAIN ADVANCE PAYMENTS ACT

Question No. 278—**Mr. Korchinski:**

1. Under the Prairie Grain Advance Payments Act, how many cash advances were made in the years (a) 1969-70 (b) 1970-71 (c) 1971-72?

2. How many cash advances were declared in default in (a) 1970-71 (b) 1971-72?

3. How many recipients were declared in default as a result of Section 13(c)?

4. How many of those in default have made deliveries according to available quota?

Hon. Otto E. Lang (Minister of Justice): 1. (a) 122,080; (b) 51,332; (c) 34,239 to May 8, 1972.

2. (a) 13,000; (b) 13,500.

3. 11,000.

4. The deliveries associated with these cases range over a three year period. The cost in terms of manpower and time to provide an answer to this part of the question is prohibitive. It is estimated by the Canadian Wheat Board that at least three man-hours would be required to examine each producer's delivery records for the three years to determine if every delivery opportunity had been utilized. The total requirement to investigate all defaulted advance payment accounts would exceed thirty thousand man-hours.

MOTOR VEHICLE SAFETY ACT—NOTICE OF DEFECTS IN VEHICLES

Question No. 304—**Mr. Mather:**

Has the Department of Transport required that auto makers recall and bear the cost of repairing vehicles with safety related defects and, if so, on what authority?

Mr. Gérard Duquet (Parliamentary Secretary to Minister of Transport): Under section 8 of the Motor Vehicle Safety Act it is an offence for a manufacturer, distributor or importer to fail to give notice of any defect in the construction, design or functioning of a motor vehicle or its components that affects or is likely to affect the safe operation of the vehicle and of which he is aware. There are no specific requirements under federal law requiring a manufacturer to correct safety defects in vehicles or to bear the cost of such work.

COMPENSATION TO JAMES RICHARD CROSS

Question No. 320—**Mr. Godin:**

Has the government recognized the anguish and hardships endured by the British diplomat James Richard Cross during his detention by the FLQ and, if so (a) was an amount of money offered to Mr. Cross as compensation (b) is this amount being paid on a monthly basis or was it paid as a lump sum?

Mr. Barnett J. Danson (Parliamentary Secretary to the Prime Minister): (a) The anguish and the hardship suffered by Mr. Cross at the hands of the FLQ, and the courage with which he endured his terrifying experience, are indeed recognized by the Government of Canada as they are by Canadians. The calm discipline of Mr. Cross and the bravery of his wife and daughter during that

period attracted the admiration of persons throughout the country. This recognition and admiration has been communicated to Mr. and Mrs. Cross by the government but compensation in the form of money was not felt appropriate. None has therefore been offered by the government. (b) Not applicable.

WHEAT PAYMENTS

Question No. 354—**Mr. Diefenbaker:**

1. What was the total amount disbursed by the Wheat Board for final wheat payments for the 1970 crop year?

2. How many producers received payments in each of the Prairie Provinces?

3. In how many cases did the farmers receive no payment because the amount to which each was entitled was applied to the outstanding balance due by him as advanced payment?

Hon. Otto E. Lang (Minister of Justice): 1. $74,456,984.

2. Manitoba: 33,509; Saskatchewan: 132,281; Alberta: 47,987.

3. 5,706.

FAMILY ALLOWANCE PLAN

Question No. 358—**Mr. Robinson:**

Under the new family allowance plan, what steps is the government considering whereby an individual who is ineligible according to his previous year's income tax return but who has subsequently become unemployed may claim allowances?

Hon. John C. Munro (Minister of National Health and Welfare): A person who becomes unemployed may have entitlement to Family Income Security Plan benefits based on an estimate of the reduced family income.

CMHC PAYMENTS FOR PROJECTS IN WESTERN PART OF MONTREAL ISLAND, 1968-71

Question No. 395—**Mr. Trudel:**

1. What projects has Central Mortgage and Housing Corporation financed in the constituency of Montreal-Bourassa since June 1968?

2. What projects has CMHC subsidized through the *Société d'habitation du Québec* since June, 1968 in the constituency of Montreal-Bourassa and what were the amounts involved in each case?

Hon. Ron Basford (Minister of State for Urban Affairs): 1. See table following. CMHC statistical data are not kept on the basis of federal electoral constituency, but are based on municipality, rural and urban, and on municipal county. The data in the attached table are, therefore, a close approximation to the constituency of Bourassa.

2. Subsidy payments made by Central Mortgage and Housing Corporation to Quebec Housing Corporation for public housing projects have not yet included projects in the western part of Montreal Island. There are six projects with 705 units eligible for subsidy in that area.

Net NHA Activity in the Western Part of Montreal Island, 1968–1971

Items	Montreal City, West Part[1]				Montreal North			
	Loans	Units	Hostel Beds	$000	Loans	Units	Hostel Beds	$000
Approved Lenders (Section 6)	53	301	—	3,495	14	86	—	701
CMHC								
Home-Owner and Rental (Section 58)	5	4	—	−28[2]	165	182	—	2,321
Low Rental (Section 15)	5	145	497	6,767	4	799	104	9,571
Public Housing (Section 43)	5	520	—	6,828	1	185	—	2,567
Total CMHC	15	769	497	13,567	170	1,166	104	14,459
TOTAL	68	1,070	497	17,062	184	1,252	104	15,160

[1]North of the C.P.R. tracks and Outremont; west of D'Iberville St., Montreal North and the former St-Michel.
[2]Reduction and cancellation of loans approved in a previous year.

FREIGHT TRAIN SCHEDULES TO RIVERTON, MANITOBA

Question No. 401—**Mr. Rowland:**

1. What is the scheduled frequency of freight trains to Riverton, Manitoba?

2. If there is no scheduled frequency, what has been the average frequency per week of freight trains into Riverton over the past two years?

3. Over the past two years, has Riverton been without a freight train for a period of one week and, if so, on how many occasions?

4. Over the past two years, has Riverton been without a freight train for a period of more than one week and, if so, on how many occasions?

Mr. Gérard Duquet (Parliamentary Secretary to Minister of Transport): 1. No regularly scheduled service.

2. 1.4

3. Yes, 26 times.

4. Yes, 16 times.

SASKATCHEWAN COMPANIES UNDER JURISDICTION OF LABOUR STANDARDS BRANCH

Question No. 451—**Mr. Nystrom:**

1. How many companies in the Province of Saskatchewan fall under the jurisdiction of the Labour Standards Branch of the Canada Department of Labour?

2. How many such companies are there in the other provinces, excepting the Provinces of Ontario and Quebec if the figures are not readily available?

Questions

Hon. Martin P. O'Connell (Minister of Labour): 1. Information is not available in this form. For administrative purposes, a list has been prepared of establishments in each province. The number in Saskatchewan is 3,105.

2. The number of establishments in the other provinces are as follows: British Columbia, 2,208; Alberta, 2,406; Manitoba, 1,899; Ontario, 6,390; Quebec, 5,174; New Brunswick, 551; Newfoundland, 288; Prince Edward Island, 179; Nova Scotia, 973.

DEPARTMENT OF TRANSPORT—GUIDELINES FOR REGIONAL DISTRIBUTION OF FUNDS

Question No. 459—**Mr. Nystrom:**

1. Does the Department of Transport have guidelines for regional distribution of funds allotted under its Main Estimates 1972-73 for major capital projects and, if so, what are they?

2. Of the major capital projects (by location), has Saskatchewan been allotted only three tenths of one per cent of the total amount although its population is four per cent of Canada's total and, if so, for what reason?

Mr. Gérard Duquet (Parliamentary Secretary to Minister of Transport): 1. No. The Department of Transport's capital budget as reflected in annual Estimates including those major projects identified in Main Estimates 1972-73 is based on execution of projects required to meet operational commitments.

2. As explained in (1) the major capital projects to be undertaken in 1972-73 in Saskatchewan or other provinces is not based on regional distribution of funds related to population but to operational priorities.

REGIONAL LABOUR STANDARDS BRANCH

Question No. 463—**Mr. Nystrom:**

1. Is there an office of the Labour Standards Branch of the Department of Labour located in the Province of Saskatchewan and, if not, for what reason?

2. How many business trips per month are made to Saskatchewan by personnel of the regional offices in Winnipeg and Edmonton to inspect companies under federal jurisdiction and how many trips are made to investigate complaints?

3. Are there plans to open an office in Saskatchewan within the next five years?

Hon. Martin P. O'Connell (Minister of Labour): 1. No. The Labour Standards Branch was established in 1965, and based on available information it appeared that adequate coverage for the Prairie Provinces could be given from the Edmonton and Winnipeg offices.

2. During the first quarter of 1972 three trips were made into Saskatchewan from our Edmonton office, while 8 trips were made into the province from our Winnipeg office. On each trip, complaints are investigated or routine inspections are carried out in the area covered by each trip.

3. Not known at this time. However, the Labour Standards Branch is presently conducting a study to determine whether the boundaries of the regional offices should be altered or additional offices established.

CMHC—RENTAL SCALE FOR PUBLIC HOUSING UNITS

Question No. 471—**Mr. McCleave:**

1. On what date was the present rental scale for public housing units implemented by Central Mortgage and Housing Corporation?

2. When is it expected to implement a new rental scale?

3. What factors were considered in establishing the existing scale?

4. What new factors are being considered?

Hon. Ron Basford (Minister of State for Urban Affairs): 1. The present rental scale for public housing projects was implemented by Central Mortgage and Housing Corporation on April 21, 1970.

2. A date has not been established for the implementation of a new rental scale.

3. The existing scale is based on the philosophy of relating rent to income, with the proportion increasing with higher income levels. A maximum rental of 25 per cent of income applies at the upper end of the scale. Other factors taken into consideration include family composition, patterns of family expenditures, changes in prices and incomes, working spouses, one-parent families, and the degree of services provided.

4. A change from the basic philosophy of relating rent to income is not comtemplated.

LOW-INCOME PUBLIC HOUSING PROJECTS

Question No. 472—**Mr. McCleave:**

1. How many low-income public housing projects have been built in each province and how many self-contained units does each provide?

2. What is the average size of each project?

3. How many are over 10 units in size?

Hon. Ron Basford (Minister of State for Urban Affairs):

Public Housing Projects Financed Under the NHA, 1950–1971[1]

	Federal-Provincial Rental Housing, 1950–1971 Section 40						Public Housing, 1965–1971 Section 43					
Province	Projects	Units	Hostel Beds	$000	Average No. of Units	No. of Projects with 10 Units +	Loans	Units	Hostel Beds	$000	Average No. of Units	No. of Projects with 10 Units +
Nfld.	13	1,179	—	15,662	91	13	8	335	—	6,124	42	8
P.E.I.	4	74	—	1,068	18	4	1	8	—	99	8	—
N.S.	37	3,101	—	38,328	84	36	27	451	—	5,945	17	25
N.B.	6	685	—	6,269	114	6	59	1,639	—	22,297	28	58
Que.	1	796	—	7,997	796	1	161	13,802	174	175,415	86	161
Ont.	75	6,599	—	65,041	88	75	592	48,079	734	635,969	81	588
Man.	3	568	—	7,203	189	3	84	4,695	80	54,876	56	79
Sask.	76	1,906	—	21,278	25	74	2	22	—	288	11	2

Public Housing Projects Financed Under the NHA, 1950–1971[1]

Province	Federal-Provincial Rental Housing, 1950–1971 Section 40						Public Housing, 1965–1971 Section 43					
	Projects	Units	Hostel Beds	$000	Average No. of Units	No. of Projects with 10 Units +	Loans	Units	Hostel Beds	$000	Average No. of Units	No. of Projects with 10 Units +
Alb.	15	838	57	10,875	56	15	50	1,998	—	28,149	40	24
B.C.	35	4,524	154	46,899	129	35	—	—	—	—	—	—
N.W.T.	9	151	—	2,667	17	6	—	—	—	—	—	—
Y.T.	1	40	—	643	40	1	—	—	—	—	—	—
CANADA	275	20,461	211	223,930	74	269	984	71,029	988	929,162	72	945

[1]New and existing housing.

COST OF MARIJUANA PROJECT UNDERTAKEN AT CENTRAL EXPERIMENTAL FARM

Question No. 478—**Mr. Peddle:**

1. What was the cost of the special project to grow marijuana undertaken on the Central Experimental Farm last summer?

2. What was the purpose of the project?

3. How many pounds of cannabis were harvested and for what purposes was this used?

4. How much of the harvested cannabis was burned?

5. How much of the product was stolen?

6. Were any thieves apprehended?

Hon. John C. Munro (Minister of National Health and Welfare): 1. $21,000, from May to November 1971.

2. (a) To have a supply of Canadian-grown standardized cannabis available for research purposes in Canada. (This is one of the recommendations of the "Interim Report of the Commission of Enquiry into the Non-Medical Use of Drugs".). (b) To determine the botanical and chemical characteristics of a number of different strains of cannabis from different geographical locations, with particular reference to wild cannabis strains found in Canada.

3. Total harvested and manicured cannabis is 602 pounds. (300 pounds of male plant material and 302 pounds of female plant material). The cannabis has now been standardized, and research into the chemical and botanical characteristics is underway.

4. Total cannabis burned: 12,700 pounds. This includes all the fibrous stocks and inferior cannabis plant material not required for research purposes.

5. Seven plants, non-drug strain, lost.

6. Yes.

NEAR COLLISION OF NEWFOUNDLAND TRAWLER "ZONNEMAIRE" WITH RUSSIAN SHIP

Question No. 486—**Mr. Macquarrie:**

1. Is it the intention of the government to raise at the next meeting of the International Commission for Northwest Atlantic Fisheries in June 1972 the question of the reported near collision of the Newfoundland trawler *Zonnemaire* by a Russian ship?

2. Were Canadian fisheries officers refused permission to board the Russian factory ship involved in the incident?

3. Have officials of the Department of the Environment investigated the charge that powerful spotlights from the Soviet ship curtailed vision by officers and men of the trawler *Zonnemaire*?

4. What steps are being taken by the Government of Canada to avoid such incidents in the future?

Mr. Eymard Corbin (Parliamentary Secretary to Minister of Fisheries): 1. The matter will be discussed between the Canadian and USSR representatives attending the International Commission for the Northwest Atlantic Fisheries (ICNAF) Meeting in Washington, D.C. during the period May 25-June 2, 1972, with a view to reaching agreement on procedures which should avoid such incidents in the future.

2. Upon receipt of the message suggesting discussion at ICNAF, the Canadian fishery officers did not request permission to board the Soviet factory ship.

3. Officials of the Department of the Environment have investigated the incident and have been unable to establish intent on the part of the Soviet vessel to curtail by searchlights the vision of officers and men of the trawler *Zonnemaire*.

4. See reply to No. 1.

CMHC LOANS FOR CONSTRUCTION OF HOMES FOR THE AGED IN KAMOURASKA

Question No. 509—**Mr. Dionne:**

What were the amounts of loans made by Central Mortgage and Housing Corporation for the construction of homes for the aged each year 1965 to 1972 in the constituency of Kamouraska?

Hon. Ron Basford (Minister of State for Urban Affairs): In 1967 CMHC financed one project for housing elderly persons in Kamouraska County for $464,000, providing four housing units and 68 hostel beds, and one project in L'Islet County for $256,185, providing four housing units and 32 hostel beds. In 1970, CMHC financed two projects for elderly persons in L'Islet County for $532,000, providing 76 hostel beds. CMHC statistical data are maintained on the basis of municipality, rural or urban, and municipal county.

CMHC LOANS FOR CONSTRUCTION OF HOMES FOR THE AGED AT ST. EUGÈNE AND STE. PERPÉTUE

Question No. 510—**Mr. Dionne:**

What were the amounts of loans made by Central Mortgage and Housing Corporation for the construction of homes for the aged in the communities of St. Eugène (Lamartine) and Ste. Perpétue (Kamouraska county) for each year 1965 to 1972?

Hon. Ron Basford (Minister of State for Urban Affairs): Central Mortgage and Housing Corporation assisted in the financing of a home for elderly persons in St. Eugène

municipal county of L'Islet, in 1970 in the amount of $266,000, providing 38 hostel beds. CMHC also assisted in financing a home for elderly persons in Ste. Perpétue, municipal county of L'Islet, in 1970 in the amount of $266,000, providing 38 hostel beds.

AVERAGE ANNUAL PERCENTAGE INCREASES IN HOURLY BASE RATES

Question No. 534—**Mr. Knowles (Winnipeg North Centre):**

Does the Department of Labour compute "Average Annual Percentage Increases in Hourly Base Rates for Negotiating Units of 500 or More Employees Excluding Construction" (a) under Treasury Board jurisdiction (b) under Part V of the Canada Labour Code jurisdiction (c) under provincial jurisdiction (d) for all contracts and, if so, what are the simple average annual percentage increases for each category for the years 1968, 1969, 1970 and 1971?

Hon. Martin P. O'Connell (Minister of Labour): (a) Yes; (b) yes; (c) yes; (d) See annex following.

Average Annual Percentage Increase in Hourly Base Rates for Negotiating Units of 500 or More Employees Excluding Construction by Jurisdiction All Contracts Settled in Any Given Year

Jurisdiction	1968			1969			1970			1971		
	No. of Agts.	No. of Empls.	Average Annual % Increase Simple	No. of Agts.	No. of Empls.	Average Annual % Increase Simple	No. of Agts.	No. of Empls.	Average Annual % Increase Simple	No. of Agts.	No. of Empls.	Average Annual % Increase Simple
Provincial	267	465,840	8.4	262	513,885	8.5	262	451,645	9.2	268	370,025	8.8
Federal	49	267,705	7.2	89	284,180	7.0	41	128,735	7.6	67	282,505	7.5
Treasury Board	16	117,055	7.3	61	177,370	6.4	17	78,770	7.3	35	113,305	7.0
Labour Code—Part 5	33	150,650	7.2	28	106,810	7.9	24	49,965	8.1	32	169,200	7.9
All Contracts	316	733,545	8.0	351	798,065	8.0	303	580,380	8.8	335	652,530	8.2

GRANTS UNDER THE BLUEBERRY ASSISTANCE PROGRAM

Question No. 555—**Mr. McGrath:**

What are the names of the recipients, by province, of grants under the blueberry producer assistance program by the Agricultural Stabilization Board?

Mr. Marcel Lessard (Parliamentary Secretary to Minister of Agriculture): As of April 28, 1972, the following number of claims had been paid to eligible blueberry producers under the Fresh Blueberry Stabilization Order:

Province	Number of Claims
Newfoundland	209
Prince Edward Island	15
Nova Scotia	436
New Brunswick	116
Quebec	545
British Columbia	165
	1,486

The actual names of recipients is considered to be confidential information.

CONSIDERATION OF ESTABLISHMENT OF PARLIAMENTARY COMMITTEE

Question No. 587—**Mr. Mather:**

Is consideration being given to establishing a Parliamentary committee to concern itself with national capital matters?

Mr. J. A. Jerome (Parliamentary Secretary to President of Privy Council): No.

[Mr. Basford.]

MOTIONS FOR PAPERS

Mr. J. A. Jerome (Parliamentary Secretary to President of the Privy Council): Mr. Speaker, notice of motion for the production of papers No. 57 is acceptable to the government subject to the usual reservations concerning confidential documents.

CORRESPONDENCE BETWEEN MINISTER OF INDIAN AFFAIRS AND NORTHERN DEVELOPMENT AND INDIANS REGARDING JAMES BAY DEVELOPMENT

Motion No. 57—**Mr. Orlikow:**

That an Order of the House do issue for a copy of all papers including correspondence between any Indian band, provincial or national Indian organizations and the Minister of Indian Affairs and Northern Development and/or any officials in his Department regarding the James Bay Development.

Motion agreed to.

Mr. J. A. Jerome (Parliamentary Secretary to President of the Privy Council): Mr. Speaker, would you be so kind as to call notices of motions Nos. 10, 33, 44 and 51.

COPY OF STUDY BY DAVID WILLIAMSON, REGARDING THE ANALYSIS TO DETERMINE SKILL DIGIT LEVELS

Motion No. 10—**Mr. Orlikow:**

That an Order of the House do issue for a copy of the study by David Williamson, Ottawa, undertaken for the Department of Manpower and Immigration regarding the "Analysis to determine skill digit levels for all of the occupations listed in the Occupational Demand Guide".

Mr. J. A. Jerome (Parliamentary Secretary to President of the Privy Council): Mr. Speaker, Mr. David Williamson's work was part of an ongoing internal departmental appraisal in the assessment of the skill ratings of occupations used as one of the selection factors in evaluating applicants for immigration to Canada. Since no formal report was prepared, I would ask the hon. member to withdraw his motion.

Mr. Orlikow: Mr. Speaker, since no formal report was prepared I agree.

Mr. Speaker: The motion is dropped.

Order discharged and motion withdrawn.

REPORT BY OPERATION INDUSTRIES FOR DEPARTMENT OF MANPOWER AND IMMIGRATION, 1967-68, RELATING TO MANAGEMENT INFORMATION SYSTEM

Motion No. 33—**Mr. Skoberg:**

That an Order of the House do issue for a copy of the consultant report by Operations Research Industries, a study and recommendations on the design of a management-information system supporting the departmental planning, programming and budgeting system, undertaken for the Department of Manpower and Immigration in the fiscal year 1967-68, as mentioned in answer to Question Number 1,323 of the 1st Session of this Parliament.

Mr. J. A. Jerome (Parliamentary Secretary to President of the Privy Council): Mr. Speaker, the report requested was prepared by a private firm of consultants for the department in 1967-68, and it contains matters confidential to the department. I regret it cannot be tabled and I would ask the member to withdraw his motion.

Mr. Skoberg: Mr. Speaker, it took a long time to find that out. I call for the question.

Mr. Jerome: Transfer for debate.

Mr. Speaker: Transferred for debate.

COPY OF REPORT ON LOW COST HOUSING BY PROFESSOR MELVIN CHARNEY

Motion No. 44—**Mr. Orlikow:**

That an Order of the House do issue for the tabling of the Report on Low Cost Housing prepared by Professor Melvin Charney for a task force on low cost housing appointed by the Minister of Urban Affairs.

Mr. Jack Cullen (Parliamentary Secretary to Minister of Energy, Mines and Resources): Mr. Speaker, I am advised that the report referred to was one of the background papers prepared for Central Mortgage and Housing Corporation as part of the study of low-income housing. The final report on this study of low-income housing is now being prepared and will be presented to CMHC at an early date, at which time a decision about publication will be made. On that basis I ask the hon. member to consider withdrawing his motion.

Mr. Orlikow: Mr. Speaker, since there are usually substantial differences between final reports and studies made, I cannot agree to that suggestion. I think the people of Canada are entitled to all the information contained in all these studies.

Mr. Knowles (Winnipeg North Centre): Question!

Mr. Jerome: Transfer for debate.

Mr. Speaker: Transferred for debate.

CORRESPONDENCE RELATING TO SECOND INTERNATIONAL AIRPORT IN ONTARIO

Motion No. 51—**Mr. Howe:**

That an humble Address be presented to His Excellency praying that he will cause to be laid before this House a copy of all correspondence, memoranda, special study reports between the Government of Canada or any department thereof and the Government of the Province of Ontario relating to the question of the second international airport in the Province of Ontario.

Mr. J. A. Jerome (Parliamentary Secretary to President of the Privy Council): Mr. Speaker, this motion is acceptable to the government subject to the reservations which were discussed with the hon. member.

Mr. Speaker: Subject to the reservations and conditions expressed by the parliamentary secretary, is it the wish of the House that notice of motion No. 51 be deemed to have been adopted?

Some hon. Members: Agreed.

Motion agreed to.

Mr. MacDonald (Egmont): On a point of order, Mr. Soeaker, may I refer to notice of motion No. 40 which has been on the order paper since March 13. Could the Secretary of State not supply some of this information, if not all, because much of it was published more than a month and a half ago?

Mr. Speaker: While the matter is being considered, perhaps the Chair might recognize the hon. member for Regina East on a point of order.

Mr. Burton: Mr. Speaker, last week I asked the parliamentary secretary to look into notice of motion No. 18 which was filed on February 24 of this year. We still have no response from the government. I suggest that it is a clear infringement of the rights of hon. members when the government refuses to acknowledge these motions and take some action on them, it is a clear infringement of members' rights. I think we have the right to expect a more prompt response from the government.

Mr. Jerome: Mr. Speaker, at the hon. member's request last week, I looked into notice of motion No. 18. We have made progress in preparing the reply and would expect to be able to table the reply very soon.

Mr. Speaker: The hon. member for Calgary North.

Some hon. Members: Hear, hear!

Mr. Woolliams: Mr. Speaker, someone has just accused me of having an English accent; I do not think that is correct. Could I be told when the documents sought in motion no. 15 will be supplied? This request is for applica-

tion forms, photographs and letters leading to the issuance of passports to Yves Geoffroy and Carmen Parent. The motion has been on the order paper since February 24.

Mr. Jerome: Mr. Speaker, it is nice to have the hon. member back from a parliamentary course in London. We will look into the matter.

An hon. Member: He is the only one who failed.

Some hon. Members: Oh, oh!

Mr. Speaker: I hope that not all hon. members will want to rise about motions on the order paper. I see that three or four hon. members seek the recognition of the Chair. The hon. member for Swift Current-Maple Creek.

Mr. McIntosh: Mr. Speaker, I merely wish to repeat my inquiry regarding question No. 305, which the parliamentary secretary said he would look into.

Mr. Jerome: We looked into question No. 305, Your Honour, and expect to be prepared to answer it next week.

Mr. Douglas: Mr. Speaker, the other day I asked the parliamentary secretary about motion No. 42 which simply calls for the tabling of a single document. The motion has been on the order paper since March 15 and the parliamentary secretary said he would look into the matter. I wonder if he has any report to make.

Mr. Jerome: We will do it, Your Honour.

Mr. Southam: Mr. Speaker, I would ask the parliamentary secretary if he can tell me when question No. 240, standing in my name on the order paper since March 1, will be answered. It deals with a straightforward, uncontroversial question regarding the unit train experiment. When may I expect an answer?

Mr. Jerome: Mr. Speaker, I have made a note of the number and will comment next Wednesday.

Mr. Korchinski: Mr. Speaker, I refer again to questions 255 and 278, of March 2 and March 6. Has any progress been made on them?

• (1420)

Mr. Jerome: I have made a note of them.

Mr. Broadbent: Mr. Speaker, I have a question on the order paper, No. 425, asking for perfectly harmless information about financial assistance to some 95 corporations in Canada. Since we may have an election before long, I wonder whether steps can be taken so that I may get an answer soon?

Mr. Jerome: I will make a note of that, Mr. Speaker.

Mr. Speaker: Shall the remaining motions stand?

Some hon. Members: Agreed.

[Mr. Woolliams.]

ORAL QUESTION PERIOD

DRUGS

LE DAIN COMMISSION REPORT ON CANNABIS—GOVERNMENT POSITION ON RECOMMENDATION THAT SIMPLE POSSESSION NOT BE AN OFFENCE—REQUEST FOR STATEMENT

Hon. Robert L. Stanfield (Leader of the Opposition): Mr. Speaker, I wish to direct a question to the Minister of National Health and Welfare with regard to the report on cannabis that he tabled a few minutes ago. Specifically, what is the position of the government with regard to the recommendation of the commission that the prohibition against the simple possession of cannabis should be repealed?

Hon. John C. Munro (Minister of National Health and Welfare): Mr. Speaker, the government has, through me, just received the report from the commission this morning and we have not had a chance to consider it yet.

Some hon. Members: Oh, oh!

Mr. Stanfield: In view of the minister's great interest in this whole subject and the length of time during which these questions have been before the government and the people for consideration, when will the minister be making a statement in the House with regard to the government's position on these recommendations?

Mr. Munro: Mr. Speaker, I hope the government will have a chance to study the report and consider it very seriously. It has very serious implications in terms of a social problem in Canada of tremendous concern. As soon as we have gone through that process, I am sure an announcement will be made. I would not want to leave the impression, as suggested by the Leader of the Opposition, that a great deal has not been done by the government to combat this problem. That is far from the truth.

Mr. Stanfield: Mr. Speaker, I can only assume that the minister has a guilty conscience because I made no reference to that at all. When is the minister going to stop horsing around with regard to this report and make a statement on the government's position.

Some hon. Members: Oh, oh!

Mr. Speaker: Order, please. The hon. member for Vancouver-Kingsway on a supplementary.

Mr. Woolliams: Mr. Speaker, listening to the Minister of—

Mr. Speaker: Order, please. I thought the hon. member for Vancouver-Kingsway was rising on a supplementary.

Mrs. MacInnis: It is not a supplementary, Mr. Speaker.

Mr. Eldon M. Woolliams (Calgary North): Mr. Speaker, I have been listening to the Minister of National Health and Welfare and the way he seems to vacillate. Will he now make a clearcut statement and advise the House whether he will be prepared, after studying the report, to make a

statement in the House on this subject and, in particular, set out whether he is in favour of the majority report or the minority report?

Mr. Munro: Mr. Speaker, as I have already indicated, we will carry on with as constructive action as we can as a government to combat this problem. When we have had a chance to study the report we will take the appropriate policy decisions amd make them known at that time.

Mr. Woolliams: Is it the minister's intention to leave this matter until after the election?

Mr. Speaker: Order, please.

LE DAIN COMMISSION REPORT ON CANNABIS—POSSIBLE REFERENCE TO COMMITTEE

Mr. John Gilbert (Broadview): Mr. Speaker, I have a supplementary question for the Minister of National Health and Welfare. Is it the intention of the minister to refer the report to the appropriate committee for study and report to the House?

Hon. John C. Munro (Minister of National Health and Welfare): Mr. Speaker, as to the procedure as well as the decision of the government on the substance of the report, I again indicate that we just received the report this morning and it is premature to make any declaration at this time. As soon as we have had a look at it and have discussed the matter, perhaps we can then offer greater clarification.

Mr. Paul Yewchuk (Athabasca): My supplementary is directed to the Minister of National Health and Welfare. In view of the fact that cannabis was grown at the experimental farm for research purposes and that research is presently being carried out, can the minister tell us whether he intends to make a policy announcement prior to the completion of these experiments or is he going to consider this aspect in addition to the report?

Mr. Munro: Sufficient marijuana was grown for necessary experimental purposes on the experimental farm last year to make it unnecessary to repeat the operation.

An hon. Member: Is any left over?

* * *

CONSUMER AFFAIRS

INCREASE IN COST OF FOOD—MEASURES TO ASSIST LOW-INCOME CONSUMERS

Mrs. Grace MacInnis (Vancouver-Kingsway): Mr. Speaker, I have a question for the Acting Prime Minister. Having regard to the fact that between April, 1971 and April, 1972, the cost of food used in the home rose by twice as much as the cost of living generally, will the Acting Prime Minister tell us whether the government has measures in hand designed to help low-income consumers?

Hon. Mitchell Sharp (Acting Prime Minister): Mr. Speaker, the government has taken many measures of particular interest to low-income families, the aged and the disabled. I think the hon. lady will agree that this should be our first priority.

Mrs. MacInnis: In view of the fact that only two groups of people benefited from the budget—the aged and full-time students—would the Acting Prime Minister urge upon the government the necessity of convening immediately the joint parliamentary committee on prices to go into this matter of rising food prices?

Mr. Sharp: No, Mr. Speaker.

Mrs. MacInnis: What are we to say when we go out to talk to low-income people who are desperate?

Mr. Baldwin: Tell them to wait until election day.

ALLEGED INCREASE IN PROFITS OF SAFEWAY AND GEORGE WESTON—REQUEST FOR INVESTIGATION

Mr. Lorne Nystrom (Yorkton-Melville): Bearing in mind the excessive profits made by many of the food companies, such as Safeway and Weston, can the Acting Prime Minister tell us whether he will cause these excessive profits to be investigated and instruct these companies to roll back their prices?

Hon. Mitchell Sharp (Acting Prime Minister): No, Mr. Speaker. That is not the intention of the government. The profits of these companies are taxed under the laws of Canada as approved by this parliament.

Mr. Speaker: Order, please. I shall return to the hon. member in a short while but I am anxious that we should complete the first round of questioning.

* * *

[*Translation*]

FINANCE

USE OF DRAWING RIGHTS TO STABILIZE PAYMENTS BETWEEN COUNTRIES—POSSIBILITY OF EFFECTING MONETARY REFORM

Mr. Henry Latulippe (Compton): Mr. Speaker, I had a question for the Finance Minister, but, as he is absent, I shall direct it to the Acting Prime Minister.

As there is some question of an international monetary reform through consultations and co-operation between countries, would the minister tell the House if the drawing rights will be accepted as a priority process to stabilize the balance of payments between countries?

[*English*]

Hon. Mitchell Sharp (Acting Prime Minister): Mr. Speaker, these supplementary drawing rights have proved to be a very useful supplement to international liquidity. They will be continued. I believe they are being established as equivalent to gold.

[*Translation*]

Mr. Latulippe: I have a supplementary, Mr. Speaker.

Would the minister also tell us if member countries have adopted a definite plan of action geared to monetary reform, or if they prefer to keep the dollar as a reserve currency?

[*English*]

Mr. Sharp: The whole subject of international monetary reform is under most active study at the present time. It was under the Group of Ten, and I believe the group will be enlarged to become a group of 20. Canada is one of the countries which hopes that these consultations will be successful.

* * *

[*Translation*]

INDIAN AFFAIRS

JAMES BAY HYDROELECTRIC PROJECT— MEETING BETWEEN MINISTER AND PREMIER BOURASSA— ASSISTANCE TO INDIANS OPPOSING PROJECT

Hon. Martial Asselin (Charlevoix): Mr. Speaker, I should like to direct a question to the hon. Minister of Indian Affairs and Northern Development.

It was announced recently that the minister would meet with the Quebec premier about the James Bay Indians' claims. We learned later that the meeting had been postponed. Could the hon. minister tell the House when he intends to meet the Quebec premier and what will be his main subject of discussion in supporting the interests of the James Bay Indians?

Hon. Jean Chrétien (Minister of Indian Affairs and Northern Development): Mr. Speaker, last Monday I had the opportunity of conversing with Quebec Premier Bourassa. He told me that he had to postpone the meeting. I do not know whether the new meeting will take place Friday or next week. We were able to discuss over the phone his intention of having work begin immediately in the Grande-Rivière area only, which will indeed reduce the number of Indians who will be affected. I hope we will discuss that problem and the situation of the James Bay Indians at the next meeting that will take place on Friday or early next week.

• (1430)

Mr. Asselin: I should like to ask a supplementary question, Mr. Speaker.

In the light of those conversations with the Quebec premier, is there anything indicating that the Minister of Indian Affairs and Northern Development would not give his support to the Indian people who want to lodge an appeal before the court in that case?

Mr. Chrétien: Mr. Speaker, there is absolutely no indication of that. I said that I would help Indians at any time because it is my duty to do so, but I am happy to see now that because the Quebec government has decided to start working projects solely in the Grande-Rivière region only one third of the Indians involved will be affected.

Mr. Gérard Laprise (Abitibi): Mr. Speaker, I would like to ask a supplementary.

[Mr. Latulippe.]

[*English*]

DISCUSSION OF TREATY RIGHTS BY MINISTER WITH NORTHWEST TERRITORIES NATIVES IN LIGHT OF MACKENZIE HIGHWAY PROJECT

Hon. Robert L. Stanfield (Leader of the Opposition): Mr. Speaker, I have a supplementary question for the minister. Is the minister negotiating with the Indian Brotherhood in the Northwest Territories regarding native rights, particularly in connection with the proposed highway, and has he made a specific proposal in cash terms, say something of the order of $42 million?

[*Translation*]

Hon. Jean Chrétien (Minister of Indian Affairs and Northern Development): Mr. Speaker, I had the opportunity in January to meet with the representatives of the Northwest Territories Indian Brotherhood. We talked about that problem. I told them that the policy of this government was to see that treaties are respected and that if Indians wanted to choose their lands we intended to abide by the treaties. So far the Indians have not seen fit to proceed in this way. Like the Leader of the Opposition I saw the newspapers this morning but I have not yet received any official message from Mr. Wahshee.

[*English*]

NORTHWEST TERRITORIES AND YUKON—INQUIRY AS TO CASH OFFER TO SETTLE ABORIGINAL RIGHTS

Mr. Erik Nielsen (Yukon): Mr. Speaker, my question is supplementary and is for the Minister of Indian Affairs and Northern Development. Has the minister made any offer to the brotherhood in the Yukon territory or in the Northwest Territories of a specific cash settlement for the extinguishment of aboriginal rights, including treaties 8 and 11?

[*Translation*]

Hon. Jean Chrétien (Minister of Indian Affairs and Northern Development): No, Mr. Speaker.

JAMES BAY HYDROELECTRIC PROJECT—CO-OPERATION BETWEEN OTTAWA AND QUEBEC

Mr. Roch La Salle (Joliette): Mr. Speaker, I wish to ask a supplementary.

Could the Minister of Indian Affairs and Northern Development give the House an assurance that his department will provide all possible co-operation to the province of Quebec to ensure the realization of the James Bay development project?

Hon. Jean Chrétien (Minister of Indian Affairs and Northern Development): Mr. Speaker, my responsibility is to the Indians living in the James Bay area, and I have given them the assurance that I will do the utmost to help them benefit to the maximum from the development of the James Bay area, and this without their usual way of life being too much affected.

[*English*]

Mr. Nielsen: Mr. Speaker, I have a question for the Acting Prime Minister arising out of the presentation of a petition on behalf of 60 per cent—

Mr. Speaker: Order, please. I have to interrupt the hon. member.

[*Translation*]

Is the hon. member for Abitibi rising on a question of privilege?

Mr. Gérard Laprise (Abitibi): Yes, Mr. Speaker.

I requested permission to ask a supplementary question to that of my colleague from Charlevoix on the James Bay hydroelectric project and as this project will be carried out in my riding, I suggest that I have a right to this information.

Mr. Speaker: Order. I shall be happy to recognize the hon. member in a moment. For the time being, the Chair has recognized the hon. member for Yukon. As soon as we have disposed of the hon. member's question and the supplementaries that may be asked, I shall be happy to get back to the previous question and to recognize the hon. member for Abitibi.

* * *

[*English*]

NORTHERN AFFAIRS

YUKON TERRITORY—GOVERNMENT RESPONSE TO PETITION REQUESTING DISSOLUTION OF COUNCIL AND ELECTION

Mr. Erik Nielsen (Yukon): Mr. Speaker, I have a question for the Acting Prime Minister arising out of the presentation to the Governor General last Monday of a petition signed by 60 per cent of those eligible to vote in the last federal election in the Yukon asking for dissolution of the present session of the Yukon Territorial Council and the holding of immediate elections. Have the Acting Prime Minister and the government considered that petition and, if so, what action does the government intend to take?

Hon. Mitchell Sharp (Acting Prime Minister): To my knowledge, Mr. Speaker, the matter has not yet been discussed by the government.

Mr. Nielsen: I have a supplementary question, Mr. Speaker, for the Minister of Indian Affairs and Northern Development. Since under the provisions of the Yukon Act the Governor in Council has the power to dissolve the council and instruct that new elections be called, is it his intention to advise his colleagues in the Privy Council to follow the request made by 60 per cent of the eligible voters in the Yukon, dissolve the council and call a new election?

[*Translation*]

Hon. Jean Chrétien (Minister of Indian Affairs and Northern Development): Mr. Speaker, I have not received officially a request signed by Yukon citizens, but may I be allowed to say at this time that The Yukon Territory Act provides for elections every four years. If the majority of the inhabitants of the Yukon are displeased with the elected candidates they can do what all voters do in a democracy: that is, change elected representatives in the next election.

[*English*]

Mr. Nielsen: Mr. Speaker, I suggest that 60 per cent of the eligible voters can hardly be called a minority. In the copy of the letter that I received from Democracy for Yukoners it is indicated that not only the Prime Minister and the Leader of the Opposition but also the minister himself received a copy of the petition. I wonder whether he would make inquiries of his officials forthwith and advise the House, perhaps tomorrow, of what action he intends to take?

[*Translation*]

Mr. Chrétien: Mr. Speaker, I am very much surprised that the Yukon delegation did not go to the trouble of meeting me. I was not even asked to meet them. I therefore have a feeling there is more interest in playing politics than in being serious.

Mr. Speaker: The hon. member for Abitibi on a supplementary to the question put a moment ago.

* * *

INDIAN AFFAIRS

JAMES BAY HYDROELECTRIC PROJECT—EFFECTS OF WORK AT GRANDE-RIVIÈRE ON NATIVES

Mr. Gérard Laprise (Abitibi): Mr. Speaker, I should not like to retain a bad impression because of the reply the hon. Minister of Indian Affairs and Northern Development gave a little while ago, when he said that the Grande-Rivière project, which was announced last night by the Premier of Quebec, would involve only one third of the Indians of the area.

Did the hon. minister mean that this one-third of the Indians of the northern part of the James Bay basin is less important that the two-thirds of the Indians of the southern part?

Hon. Jean Chrétien (Minister of Indian Affairs and Northern Development): No, Mr. Speaker, that third is not less important, but nevertheless it is easier to deal with one-third of the Indian population of that area than with 6,000 Indians. It is my intention to protect those 2,000 Indians, just as I intended to protect the 6,000.

* * *

[*English*]

POST OFFICE

REQUEST FOR STATEMENT ON PROGRESS OF CONTRACT NEGOTIATIONS WITH UNIONS

Hon. W. G. Dinsdale (Brandon-Souris): Mr. Speaker, my question is for the President of the Treasury Board and arises out of the information conveyed to the House by the hon. member for Vegreville with respect to the deteriorating postal situation in Alberta and the negative response

of the postal unions to the recent offer of the Treasury Board in the current negotiations. When will the minister be making a statement in the House on these matters in an effort to cast some kindly light on a darkening situation?

Hon. C. M. Drury (president of the Treasury Board): Mr. Speaker, I do not think I can rise to the poetic heights achieved in the question, but I would say that when casting light will help achieve useful results, it will be cast.

Mr. Dinsdale: Mr. Speaker, I have a supplementary question I shall address to the Acting Prime Minister, or perhaps the President of the Treasury Board would convey my message to him. Will he make a statement on these matters in view of their urgency, as illustrated by the fact that a provincial government has found it necessary to establish its own courier service?

* * *

HEALTH

INQUIRY AS TO WHEN LEGISLATION ON CIGARETTE ADVERTISING WILL BE PROCEEDED WITH

Mr. Barry Mather (Surrey-White Rock): Mr. Speaker, I have a question for the Minister of National Health and Welfare that is related to earlier questions in regard to one aspect of the drug problem in Canada and what the government may be intending to do about it. Can the minister indicate when he intends to proceed with the legislation he introduced last year calling for an end to all the disease-promoting cigarette advertising in Canada?

• (1440)

Hon. John C. Munro (Minister of National Health and Welfare): Mr. Speaker, this depends entirely on the progress we make in respect of current pending legislation before the House. As the hon. member knows, we already have under consideration not only the old age pension legislation but the legislation affecting family allowances which is pending before the standing committee.

* * *

INQUIRY OF THE MINISTRY

Hon. George Hees (Prince Edward-Hastings): Mr. Speaker, I have a question I wished to direct to the Prime Minister but in his absence I shall direct it to the Acting Prime Minister. Can he advise the House whether the Prime Minister has yet screwed up enough courage to call a general election by the end of this week—

Mr. Speaker: Order.

Some hon. Members: Order.

Mr. Hees: —or does he still intend to cling to office and continue not to face issues such as unemployment and inflation?

Some hon. Members: Oh, oh!

[Mr. Dinsdale.]

Mr. Speaker: Order, please. The hon. member's question is entirely out of order, and I think he owes the Chair some respect.

Some hon. Members: Hear, hear!

Mr. Hees: On a point of order, Mr. Speaker—

Some hon. Members: Shame!

Mr. Hees: On a point of order—

Some hon. Members: Order!

Mr. Hees: Quiet, please. If the noisy rabble on your right would not make such a deafening din, Mr. Speaker, we on your left could hear Your Honour when you get to your feet and call for order and obey your instructions.

Some hon. Members: Oh, oh!

Mr. Speaker: Order, please. I will certainly not pursue the matter. The hon. member normally co-operates with the Chair, but when he asks this kind of question I cannot help but notice that he looks the other way.

Some hon. Members: Hear, hear!

Mr. Hees: There has been a request that I repeat the question because of the noise.

Mr. Speaker: Perhaps the hon. member could come back at the time of adjournement.

Mr. Hees: Thank you.

* * *

CONSUMER AFFAIRS

INCREASE IN PRICE OF FOOD—REQUEST FOR INVESTIGATION TO DETERMINE WHETHER HIGHER PROFITS OF CHAIN STORES JUSTIFIED

Mr. T. C. Douglas (Nanaimo-Cowichan-The Islands): Mr. Speaker, I should like to direct a question to the Acting Prime Minister arising out of the question asked by the hon. member for Vancouver-Kingsway. In view of the fact that Dominion Stores has reported an increase in its profits for 1971 of some 300 per cent over the previous year, with a similar increase for the first quarter of this year, indicating that the increase in the price of food is not necessarily related to the increase in the cost of food, I should like to ask whether the government has any intention of having an investigation made by the Department of Consumer and Corporate Affairs into the increase in the price of food to determine whether these increases are justified or represent exorbitant profiteering?

Hon. Mitchell Sharp (Acting Prime Minister): Mr. Speaker, if there is any evidence that these prices have risen because of a lack of competiton in the system there is provision for remedy, and of course the minister and the agency responsible would make the necessary investigations. But if it is a question of some businesses being more profitable than others, I think the hon. gentleman would agree that this happens from time to time and that at

some times profits are lower while at other times they are higher.

Mr. Douglas: Mr. Speaker, in view of the fact that practically all the large chain stores have shown very substantial increases in their net profits, will the Acting Prime Minister undertake on behalf of the government to have the Department of Consumer and Corporate Affairs look into this matter to determine whether there is an absence of competition or collusion between food stores in this country?

Mr. Sharp: Mr. Speaker, the answer to that question is yes. That is what I said in my first reply.

* * *

EXTERNAL AFFAIRS

CONSULTATIONS WITH OTHER COUNTRIES ON SETTING OF DATE FOR LAW OF THE SEA CONFERENCE

Mr. Lloyd R. Crouse (South Shore): Mr. Speaker, I wish to direct my question to the Secretary of State for External Affairs. In view of the high hopes of many fishermen in Atlantic Canada concerning a conservation program to be established at the next Law of the Sea Conference, will the minister indicate whether he has had recent consultations with the other countries involved and whether a date has yet been set for this important conference?

Hon. Mitchell Sharp (Secretary of State for External Affairs): Mr. Speaker, we have been holding consultations about the Law of the Sea Conference. We are still very interested in having it proceed as was originally envisaged, and that is the purpose of our interventions. Whether we shall succeed, of course, is not entirely within our control.

* * *

PUBLIC SERVICE

CAPE BRETON—REPLACEMENT OF ELIGIBILITY LIST FOR UNILINGUAL POSITIONS BY ONE FOR BILINGUAL POSITIONS

Mr. Robert Muir (Cape Breton-The Sydneys): Mr. Speaker, my question relates to one I directed a few days ago to the President of the Treasury Board regarding a Public Service competition held in the Cape Breton area to fill positions that may occur in the next year in Sydney and North Sydney. As we all know, these eligibility lists are good for a period of one year. I have information to the effect that those who qualified in this competition, numbering in all 20-odd, have now or will be advised that as of June 15 their chances will be gone and the positions will be filled by those who qualified in a previous competition requiring bilingualism. I should like to repeat my question of the other day. Will the minister enlighten us on this subject and advise us what we can tell these men who have already qualified but who are not going to get the opportunity of filling these positions in the Public Service?

Hon. C. M. Drury (President of the Treasury Board): Mr. Speaker, I did cause an inquiry to be made. As the hon. gentleman knows, the establishment of this list and the competition is the responsibility of the Public Service Commission, not that of the government, as administrator. The Public Service Commission assured me it would investigate this story from Halifax and make a report. I have not yet received it.

Mr. Muir: Mr. Speaker, in view of the fact the problem is not in Halifax but in Cape Breton, particularly in Sydney and Sydney Mines, will the minister assure us that these 20-odd people will not be discriminated against by not receiving employment because of the fact they are unable to speak two languages?

Mr. Drury: I can give assurance that there will be no discrimination, but I would rather wait until such time as the Public Service Commission reports before making any kind of statement.

* * *

[*Translation*]

ADMINISTRATION OF JUSTICE

CONSTITUTIONALITY OF SASKATCHEWAN BILL RESPECTING OWNERSHIP OF FARM LAND

Mr. Marcel Prud'homme (Parliamentary Secretary to Secretary of State): Mr. Speaker, I wish to direct a question to the hon. Minister of Justice.

[*English*]

I should like to ask the minister to advise the House whether the Saskatchewan bill prohibiting the ownership of farm land by other Canadians and foreigners has been brought to his attention and, if so, has he received advice about its constitutionality?

Hon. Otto E. Lang (Minister of Justice): Mr. Speaker, the bill has indeed been brought to my attention and I have sought comment on its constitutional validity. Although it is only in the bill stage, it does seem to me that if it is not unconstitutional it ought to be.

Some hon. Members: Hear, hear!

Right Hon. J. G. Diefenbaker (Prince Albert): Mr. Speaker, I was surprised to hear the minister say he is looking into the constitutionality of a bill that has not yet been passed. It has been put over until the next session, as I understand it. It is a bill against ownership of farm lands in Saskatchewan by "foreigners" which includes all the rest of the people in Canada who do not live in Saskatchewan. In view of the fact the government of Saskatchewan is asking for representations to be made concerning this bill, will the minister, as the custodian of the judicial conscience of Canada, bring to the attention of the government of Saskatchewan the fact that this type of legislation is most disruptive and entirely out of keeping with our concept of Canadianism?

Some hon. Members: Hear, hear!

Inquiries of the Ministry

Mr. Lang: Mr. Speaker, I will certainly give serious consideration to the recommendation of the right hon. gentleman. It is perhaps a little unusual to look at the constitutional validity of a bill when it is still in bill form, but in this particular case there is a declaration by the Saskatchewan government that it will be made retroactive to last April 1 when it is eventually passed.

* * *

IMMIGRATION

INQUIRY AS TO INTRODUCTION OF LEGISLATION

Mr. Andrew Brewin (Greenwood): Mr. Speaker, in the absence from the House of the Minister of Manpower and Immigration I should like to direct my question to the President of the Privy Council. Does the government intend to bring in legislation to remedy the horrendous mess in the field of immigration which has resulted from government inaction over the years?

Mr. Speaker: Order, please. That question is obviously not acceptable from a procedural standpoint. It is an argument.

Mr. Brewin: May I substitute another question, Mr. Speaker?

Mr. Speaker: I doubt that it is entirely in order or in keeping with the traditions of the House to ask a question which the hon. member must know is out of order and then ask permission to ask another question. I will make an exception in favour of the hon. member in this case and allow him to ask another question.

• (1450)

Mr. Brewin: I will rephrase the question, Mr. Speaker. Does the government intend to do anything about the situation that has arisen in the field of immigration? Does it intend to bring in legislation soon on that subject?

Hon. Allan J. MacEachen (President of the Privy Council): The answer is yes. When the legislation will be brought in is uncertain at the moment, whether in this session or the next—probably the next.

* * *

[*Translation*]

NATIONAL PARKS

RECRUITMENT OF WORKERS IN PARK DE LA MAURICIE

Mr. René Matte (Champlain): Mr. Speaker, I wish to direct a question to the Minister of Indian Affairs and Northern Development.

Do the managers of the Mauricie national park follow directives from the minister when they recruit their employees exclusively through the Manpower Centre in Shawinigan, which does not serve at all the Champlain constituency where 75 per cent of the park is geographically located?

[Mr. Diefenbaker.]

Hon. Jean Chrétien (Minister of Indian Affairs and Northern Development): Mr. Speaker, the declaration of the hon. member is not entirely true. They are also in touch with the Manpower Centre in Grand'Mère which covers part of the Champlain constituency. In any case, the minister in charge of this department is not the Minister of Indian Affairs and Northern Development but the Minister of Manpower and Immigration.

* * *

[*English*]

GRAIN

RAPESEED—SUGGESTED RECONSIDERATION OF QUOTAS FOR DELIVERY TO DOMESTIC CRUSHERS

Mr. J. H. Horner (Crowfoot): Mr. Speaker, I should like to direct a question to the minister in charge of the Canadian Wheat Board. Is the minister prepared to reconsider his position and the position of the Canadian Wheat Board with regard to the delivery quotas for rapeseed, particularly for rapeseed delivered to domestic mills for crushing into rapeseed oil and rapeseed meal?

Hon. Otto E. Lang (Minister of Justice): The exact quotas both to producers and elevators, Mr. Speaker, and producers at processing plants are a matter which is handled by the Canadian Wheat Board and which is considered and reconsidered by them constantly in order to ensure that appropriate supplies are available to processors consistent with the principle that, generally speaking, equitable delivery opportunities should be offered to all producers in the prairie region.

Mr. Horner: Is the minister aware that deliveries are not equitable to the domestic crushing mills, and has he considered the constitutional question with regard to the delivery of a product to a processing plant in the same province and his authority to intervene in that regard?

Mr. Lang: A variety of legal questions touching on that matter have been raised and brought to my attention. I know of nothing that is going on that can be attacked on legal grounds.

ACTION TO RE-ESTABLISH INTERNATIONAL WHEAT AGREEMENT

Mr. R. R. Southam (Qu'Appelle-Moose Mountain): Mr. Speaker, I have a question for the Minister of Justice who is responsible for the Canadian Wheat Board. In light of recent discussions held between top level agricultural spokesmen for both Canada and the United States with respect to the re-establishment of the International Wheat Agreement, what initiative, if any, is the Canadian government taking to re-establish this agreement which is so important to world wheat producers?

Hon. Otto E. Lang (Minister of Justice): Mr. Speaker, we discussed this matter on a bilateral and multilateral basis with the other countries. There is an arrangement within the present International Grains Arrangement for the working body to agree at any time to reconvene a meeting and to attempt to establish fair pricing. That would be the

body which would meet at an early date and look at the question again.

REASON FOR TRIP BY MINISTER TO WEST COAST

Mr. Les Benjamin (Regina-Lake Centre): Mr. Speaker, may I direct a question to the minister in charge of the Canadian Wheat Board. In light of the trip he made to the west coast over the weekend, can he advise what the purpose of that trip was, and has he anything to report to the House?

Hon. Otto E. Lang (Minister of Justice): Mr. Speaker, the purpose of the trip, which was reviewed in the House in the question period on Monday, was to have a close look at the rail facilities at the coast, and at the way they service the relevant terminal facilities, in order to lay a basis for further decisions about improving our capacity to go after new record volumes of grain exports.

Mr. Benjamin: Can the minister advise the House whether he was accompanied by some Liberal candidates from the province of Saskatchewan and whether they rode with him on the plane?

Mr. Speaker: Order, please.

* * *

AIRPORTS

PLANS FOR EXPANSION OF VANCOUVER INTERNATIONAL AIRPORT—ACQUISITION OF RESIDENTIAL PROPERTIES

Hon. Robert L. Stanfield (Leader of the Opposition): Mr. Speaker, I have a question for the Minister of Transport. Has his department undertaken studies with regard to the expansion of Vancouver international airport on Sea Island and is the department planning to acquire the other residential properties on the island?

Hon. Donald C. Jamieson (Minister of Transport): Mr. Speaker, in so far as expansion is concerned there are what I might describe as long-range plans for expansion when and if it becomes necessary. At the moment we are moving ahead with the acquisition of various properties on Sea Island in order to have the land available when the time comes. I cannot be specific in my answer as to which particular properties are being acquired unless the Leader of the Opposition has some specific property in mind.

Mr. Speaker: The Chair might recognize the hon. member for Yorkton-Melville who had a supplementary he wished to ask some time ago. If he does not want to refer to that matter, perhaps he might be recognized on a new question.

TRANSPORT

SUGGESTED REPRESENTATIONS AGAINST INTENTION OF RAILWAYS TO INCREASE POTASH FREIGHT RATES

Mr. Lorne Nystrom (Yorkton-Melville): Mr. Speaker, I have a new question for the Minister of Transport now that he is in the House. I think it is quite important. In view of the announcement this week that potash freight rates will be substantially increased on June 1 and in view of the protests from both the industry and the premier of Saskatchewan that the railways should not go ahead with this decision, can the minister tell us whether or not he has contacted the railways and asked them to rescind that decision? If he has, can he report to the House?

Hon. Donald C. Jamieson (Minister of Transport): Mr. Speaker, I believe the hon. member knows that neither I nor the government have any authority to roll back a proposed freight increase by either railway other than under the terms of the National Transportation Act. There are a number of cases in the west to which I referred the day before yesterday having to do with appeals that have been lodged with the Canadian Transport Commission. This may very well be one of them or may be affected by those appeals. If such is the case, the CTC will decide whether or not in fact there is a case in the public interest for holding down the rates.

Mr. Nystrom: Would the minister undertake to investigate the matter and report to the House tomorrow?

Mr. Jamieson: I will be glad to do that, Mr. Speaker.

* * *

EXTERNAL AFFAIRS

INQUIRY AS TO DISCUSSIONS WITH UNITED STATES ON SOVEREIGNTY OVER ALASKAN OIL IF TRANSPORTED THROUGH PROPOSED MACKENZIE VALLEY PIPELINE

Mr. Gordon Ritchie (Dauphin): Mr. Speaker, I have a question for the Secretary of State for External Affairs. In view of the announcement by Washington last Friday regarding the trans-Alaska pipeline, has the Canadian government had any discussions with Washington regarding sovereignty of the passage of oil from Alaska to the continental United States through the proposed Mackenzie Valley pipeline? If so, can he tell the House what these were?

Hon. Mitchell Sharp (Secretary of State for External Affairs): Mr. Speaker, I am afraid I do not understand the question. Perhaps it could be repeated; perhaps I misunderstood.

Mr. Ritchie: Has the Canadian government had any discussions with Washington regarding sovereignty over oil passing through a pipeline from Alaska to the continental United States?

Mr. Sharp: No, Mr. Speaker, there has not been any discussion, but I understand secretary Morton said that one of the reasons the TAPS line is approved is that the

oil would under that proposal not pass through any foreign country. That is all I know.

* * *

[*Translation*]

YOUTH

OPPORTUNITIES FOR YOUTH PROGRAM—AVAILABILITY OF ADDITIONAL FUNDS

Mr. Roland Godin (Portneuf): Mr. Speaker, I wish to ask a question to the Secretary of State.

Does he intend to grant additional funds for the Opportunities for Youth Program in order to give satisfaction to a greater number of students who are disappointed when their projects are rejected?

Hon. Gérard Pelletier (Secretary of State): No, Mr. Speaker.

* * *

INDIAN AFFAIRS

FRIENDSHIP CENTRES—PROVISION OF FUNDS

Mr. S. Perry Ryan (Spadina): Mr. Speaker, I have a question for the hon. Secretary of State.

[*English*]

Yesterday, the hon. member for Athabasca and I asked the right hon. Prime Minister about the situation concerning the Toronto Indian centre and other Indian centres across the country which are saying that promised funds have been held up and they have had to close their doors. The Prime Minister said he would refer the question to the minister. Is the minister now in a position to explain the situation?

[*Translation*]

Hon. Gérard Pelletier (Secretary of State): Yes, Mr. Speaker, we have taken emergency measures and I believe that some funds will be received tonight by these friendship centres which find themselves in the most difficult situations; anyway, the government is now considering a larger proposal, involving the whole question.

[*English*]

NORTHWEST TERRITORIES—RESPONSE TO REQUEST BY NATIVE BROTHERHOOD FOR FUNDS TO REHIRE STAFF

Mr. Erik Nielsen (Yukon): Mr. Speaker, I have a supplementary question for the Secretary of State with respect to the lack of funding of the Northwest Territories Native Brotherhood and the fact that they have had to lay off half their staff as a result. Has the minister received representations to this effect from the brotherhood and, if so, will he make funds available forthwith so they can rehire their staff?

• (1500)

[*Translation*]

Hon. Gérard Pelletier (Secretary of State): Mr. Speaker, I do not know whether we have any representation from the particular group to which the hon. member refers. I will conduct an inquiry without delay. This government is certainly not willing to let these institutions have overwhelming difficulties.

[Mr. Sharp.]

* * *

[*English*]

CANADA LABOUR CODE

CONSTITUTIONALITY OF AMENDMENT DEFINING FISHERMEN AS INDEPENDENT CONTRACTORS—POSSIBLE CLARIFICATION

Mr. Lincoln M. Alexander (Hamilton West): Mr. Speaker, I would like to direct a question to the Minister of Labour concerning Bill C-183. In view of the fact that the Fisheries Council of Canada contends that clause 107(1) of the bill defining fishermen as independent contractors and employees is ultra vires of the parliament of Canada, since this is legislation relating to property and civil rights which are wholly within the jurisdiction of the provinces, is the minister aware of this and has he had an opportunity to discuss the matter with the law officers of the Crown?

Hon. Martin P. O'Connell (Minister of Labour): Mr. Speaker, I have not read the submission of the Fisheries Council. I have been aware in the past that the section, in the minds of some, lacks constitutionality, and I simply point out that in the view of the department it is a constitutional provision. That is why it is in the legislation.

Mr. Alexander: Mr. Speaker, in light of the fact that there appears to be legislation dealing with labour contracts and negotiations in the provinces of British Columbia, Nova Scotia and Newfoundland, and in light of the submission made by the Fisheries Council which indicates that the government and the council are at loggerheads, is it the intention of the government to seek clarification as to the constitutional validity of the clause involved?

Mr. O'Connell: No, Mr. Speaker.

Mr. Speaker: Orders of the day.

GOVERNMENT ORDERS

CRIMINAL LAW AMENDMENT ACT, 1972

AMENDMENTS TO CRIMINAL CODE, CRIMINAL RECORDS ACT, NATIONAL DEFENCE ACT, PAROLE ACT AND VISITING FORCES ACT

The House resumed, from Tuesday, May 16, consideration of the motion of Mr. Lang that Bill C-2, to amend the Criminal Code and to make related amendments to the Criminal Code 1967 Amendment Act, the Criminal Records Act, the National Defence Act, the Parole Act and the Visiting Forces Act, be read the third time and do pass and the amendment thereto of Mr. Rondeau (p. 2333).

Mr. Speaker: Order, please. By virtue of the special order adopted by the House last evening—

Mr. Lang: On a point of order, Mr. Speaker, I want to draw the attention of the House to what appears to be a typographical error. During the course of last evening's very rapid proceedings there was a final suggestion by the hon. member for Winnipeg North Centre (Mr. Knowles) that section 9, the amendments to which appear on page 5 of the amending bill, need not contain the subsection (1) reference. I want to draw to the attention of the House that there are subsections 2 and 3 in the bill, and therefore subclause (1) is indeed required. If it is agreeable, I think we might put that technical matter right before proceeding to the vote.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, I presume the minister means those subsections are in the act.

Mr. Lang: Yes, the original section 9 has three subsections.

Mr. Speaker: Order. Since we are apparently dealing with a minor typographical matter, I think it would be the unanimous wish of the House that we act on the suggestion of the minister.

In conformity with the order of the House adopted last night the question will now be put on the bill before the House. The question is on the amendment to the main motion. Mr. Lang, seconded by Mr. MacEachen, moved that Bill C-2, to amend the Criminal Code and to make related amendments to the Criminal Code 1967 Amendment Act, the Criminal Records Act, the National Defence Act, the Parole Act and the Visiting Forces Act, be now read the third time.

[*Translation*]

And on the amendment moved by Mr. Rondeau:

That Bill C-2 be not now read a third time, but that it be referred back to the Standing Committee on Justice and Legal Affairs for the purpose of reviewing clause 44 and particularly paragraph (a).

Mr. Speaker: Is the House ready for the question?

Some hon. Members: Question.

Mr. Speaker: The question is on the amendment. All those in favor will please say yea.

Some hon. Members: Yea.

Mr. Speaker: All those opposed will please say nay.

Some hon. Members: Nay.

Mr. Speaker: In my opinion the nays have it.

And more than five members having risen:

Mr. Speaker: Call in the members.

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

Division

• (1510)

[*English*]

(*Division No. 19*)

YEAS

Messrs:

Dionne	Laprise
Fortin	Latulippe
Gauthier	Matte
Godin	Rodrigue
Lambert (Bellechasse)	Rondeau
	Tétrault—11.

NAYS

Messrs:

Alexander	Foster
Allmand	Gendron
Asselin	Gervais
Baldwin	Gibson
Barnett	Gilbert
Barrett	Gillespie
Béchard	Goyer
Beer	Gray
Bell	Grills
Benjamin	Guay (St. Boniface)
Benson	Guay (Lévis)
Bigg	Guilbault
Blackburn	Hales
Blair	Harding
Blouin	Harkness
Borrie	Hees
Boulanger	Hopkins
Brewin	Horner
Broadbent	Howard (Okanagan Boundary)
Buchanan	Howe
Burton	Jamieson
Caccia	Jerome
Cadieu	Knight
Cafik	Knowles (Winnipeg North Centre)
Cantin	Knowles (Norfolk-Haldimand)
Carter	Korchinski
Chappell	Lachance
Chrétien	Laflamme
Clermont	Lajoie
Coates	Lang (Saskatoon-Humboldt)
Cobbe	Langlois
Comeau	Laniel
Comtois	La Salle
Corbin	Leblanc (Laurier)
Corriveau	LeBlanc (Rimouski)
Côté (Richelieu)	Lefebvre
Crossman	Lessard (Lac-Saint-Jean)
Crouse	L'Heureux
Cullen	Loiselle
Cyr	Lundrigan
Danforth	MacDonald (Egmont)
Danson	MacEachen
Davis	MacGuigan
Deachman	MacInnis (Cape Breton-East Richmond)
Deakon	MacInnis (Mrs.)
De Bané	MacKay
Diefenbaker	MacLean
Dinsdale	Macquarrie
Douglas	MacRae
Drury	McBride
Dubé	
Dupras	
Émard	
Flemming	
Forest	
Forget	

Division

Messrs:

McCutcheon	Roy (Timmins)
McGrath	Roy (Laval)
McIntosh	Ryan
McKinley	Rynard
McNulty	Saltsman
McQuaid	Schumacher
Mahoney	Scott
Major	Serré
Marceau	Sharp
Marchand	Simpson
(Langelier)	Skoberg
Marchand	Skoreyko
(Kamloops-Cariboo)	Smerchanski
Marshall	Smith
Mather	(Northumberland-
Mazankowski	Miramichi)
Monteith	Smith (Saint-Jean)
Moore	Southam
Muir	Stafford
Munro	Stanbury
Murphy	Stanfield
Murta	Stewart (Marquette)
Nielsen	Stewart
Noble	(Okanagan-Kootenay)
Nystrom	St. Pierre
O'Connell	Sulatycky
Orlikow	Sullivan
Osler	Thomas
Otto	(Maisonneuve-
Ouellet	Rosemont)
Paproski	Thomas (Moncton)
Pelletier	Thompson (Red Deer)
Penner	Tolmie
Portelance	Trudeau
Pringle	Trudel
Prud'homme	Turner (London East)
Reid	Turner (Ottawa-Carleton)
Richard	Wahn
Richardson	Watson
Ritchie	Whelan
Roberts	Whicher
Robinson	Whiting
Rochon	Woolliams
Rock	Yewchuk—187.

• (1520)

Mr. Speaker: I declare the amendment lost. The question is now on the main motion. Is it the pleasure of the House to adopt the said motion?

Some hon. Members: Agreed.

Motion agreed to, bill read the third time and passed.

* * *

• (1530)

OLD AGE SECURITY ACT

AMENDMENTS RESPECTING ESCALATION OF PENSIONS, RESIDENCE REQUIREMENTS, INCREASE IN GUARANTEED INCOME SUPPLEMENT

The House resumed, from Tuesday, May 16, consideration of Bill C-207, to amend the Old Age Security Act, as reported (without amendment) from the Standing Committee on Health, Welfare and Social Affairs, and motion No. 5 (Mr. Rynard).

[Mr. Speaker.]

Mr. Speaker: Order, please. When the House adjourned last night, a point of order had been raised in relation to motion No. 5 standing in the name of the hon. member for Simcoe North (Mr. Rynard). The suggestion had been made that this motion might be difficult to accept from a procedural standpoint. I have looked at the matter and, before making a ruling, I am prepared to hear argument in relation to the point which I made last night.

Mr. G. W. Baldwin (Peace River): Mr. Speaker, I have read with interest your remarks. I am afraid that Your Honour probably reread them, too, and they are probably so fresh in Your Honour's mind that it would be pointless for me to try to persuade you to take a contrary view. With regard to motion No. 5, I will not attempt to persuade Your Honour to make a ruling other than the one you indicated last night you would make. I am prepared to accept Your Honour's ruling on that. When that is disposed of, I would like to speak to amendment No. 6.

Mr. Speaker: If that is the disposition of the House, a ruling will be made formally. Referring hon. members to citation 246 of Beauchesne's Fourth Edition, I have to conclude that the motion cannot be put. I might say that I see no particular difficulty in relation to motion No. 6. Unless hon. members interpret it another way, there should be no procedural difficulty in at least having the motion put at this time. If hon. members agree, it can be put at this time.

Mr. P. B. Rynard (Simcoe North) moved:

That Bill C-207, to amend the Old Age Security Act, be amended by striking out the word "is" at lines 14 and 24, page 2 and substituting the words "shall not be less than".

He said: Mr. Speaker, in speaking to this amendment, I am firmly of the opinion that there has been an injustice done all along the line, starting in 1967 when the old age security pension was fixed at $75. At that time, we brought in the guaranteed income supplement. There was a 2 per cent escalator clause added at that time, providing the cost of living went up by 2 per cent or more. Nothing was added if it did not go by 2 per cent. In 1971, the old age security pension was frozen at $80 per month, with the addition of 42 cents to the $79.58, but without the addition of any escalator clause. As a matter of fact, the guaranteed income supplement was, and always has been, tied to an escalator clause providing the cost of living went up by 2 per cent or more.

As we review the years since 1968, we find that the cost of living has gone up by leaps and bounds. To give an example of this, in 1971 the cost of housing, which is very essential to the people we are speaking about, went up 7 per cent. The same applied to the food and the clothing they required. These are three specific items, the cost of which increased last year so these people were gypped to the tune of 5 per cent on those items alone.

We then go back over the years they have been getting a 2 per cent increase. It is my feeling that these people have been dealt with very unfairly because the difference between the 2 per cent and the actual rise in the cost of living still has not been added to the old age security pension or the guaranteed income supplement. These people are still behind the eight ball. This is something we have to look at. The government is holding back all these

people. The same applies to some of their bonds and other securities.

It is a fact that certain people are not treated fairly by the government. I include middle class people today in that group. There may be a man and wife who both work and earn $12,000 per year. With our present inflation, in the space of four to five years the purchasing power of their income may go down by $2,000 to $10,000. To keep up with this rising cost of living, they probably receive increases in their salary which the government, by way of income tax, magnanimously drains off. Therefore, the same thing applies, only in another way, to the middle income earner this year. He will find out that there is no reduction in taxes, but an increase of 3 per cent. I deplore the fact that people are not treated fairly by the state. I do not care whether it is a Liberal or Conservative government, let us be a little more honest about what we are doing.

Governments today seem to have a built-in interest in people getting salary increases so that they can drain off more taxes. They even seem to have a built-in interest in inflation. This again hits those people on fixed incomes, particularly the people we are speaking about today, the old age pensioners. This wrong can be corrected by an order in council without any problem. It was with this in mind that I brought this amendment before the House. I hope that justice will be done.

If we go back to the figures, we find that while the Minister of National Health and Welfare (Mr. Munro) has said we have brought these people almost to the affluent stage, by using last year's figures we see that they are still far below the poverty line as set by the Economic Council. Let us do what is fair and square, and restore to these people their rightful pension. The present Liberal government has departed a long way from the principle established by the government in 1952 when the universal old age security pension was set at $40 a month. They not only did that, but they increased it from time to time. If memory serves me correctly, they did this when the gross national product was $21 billion. Today, our gross national product is close to $100 billion, five times as much. It was a Liberal government which brought that in; not only that, Mr. Speaker, but it was universal in its application.

• (1540)

I ask for the support of all my fellow members of the House of Commons in this effort to ensure that an injustice is righted and that these older citizens who have done so much to build our country are treated fairly, and that the product of this differential is restored to them as from January 1, 1967.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, I rise to say just a few words on this amendment. I agree with the proposition the hon. member for Simcoe North (Mr. Rynard) is advancing as far as it goes, but I cannot see how his amendment will achieve the purpose he has in mind.

The amending bill, as it now reads, says the escalation is to be a certain amount. That amount, at the present time is 3.6 per cent more than it was last year. The amendment would change it to read—"the escalation shall not be less than that certain amount." In other words, it shall not be less than 3.6 per cent. I do not see any difference between that and just saying it is 3.6 per cent. If this is simply a pious statement expressing a hope that somehow or other the amount of the escalation might be higher—

Mr. Rynard: It may be pious, but it is honest.

Mr. Knowles (Winnipeg North Centre): I shall not go into that. If it is merely a statement expressing a hope that somehow or other the amount might be higher, then perhaps we had better vote for it. But if we do, it will be in the knowledge that it does not mean anything, since the bill has already set out what the escalation is to be.

I agree with the hon. member that the escalation now to be applied to old age pensions should be much greater than it is. The Minister of National Health and Welfare (Mr. Munro) asserted in committee the other day that the $82.88 pensioners will now get is 8 cents more than they would have received had the old escalation formula been continued, the one in effect until December, 1970. However, under questioning, his deputy minister admitted that if the pension had been escalated by the full amount of the cost of living increase since $75 was fixed some years ago, the amount of the pension would now be over $90. This is what we should be trying to achieve, and we will support a proposition to that effect. At the same time, I say again it is not enough simply to fiddle around making minor adjustments in the escalation factor. What we need is a substantial increase in the basic amount. The hon. member's leader has already made it clear that he does not subscribe to the proposition that the basic pension should be $150 a month. We take the position that that is what it should be. I suggest, therefore, that this proposal for a few cents or a few dollars more is really not good enough.

Mr. W. M. Howe (Wellington-Grey-Dufferin-Waterloo): Mr. Speaker, I should like to say a few words on this amendment presented by the hon. member for Simcoe North (Mr. Rynard) in connection with Bill C-207, an act to amend the Old Age Security Act. I agree with all those who have indicated that this is good legislation. It is legislation which is long overdue. The minister has admitted, through his sudden conversion to the principle of linking old age security payments to the cost of living index, and by making an increase retroactive to January 1, 1972, that the existing legislation in this area is not adequate to meet the needs of the present day. For the life of me, I cannot understand why the minister did not go all the way in terms of retroactivity to the date on which the basic pension was established at $75 coupled with a 2 per cent escalation factor.

The history of the Liberal party in connection with old age pensions has not shown that party to be too expansive or too generous. Many of us can remember the episode in 1957 when the old age pension was raised from $40 to $46. We can also remember the drastic and well deserved results of the following election when "Six-buck" Harris himself went down to defeat, together with the majority of the Liberal party of the day. We sometimes wonder whether history is repeating itself.

The bill before us concerns Canadians, many of whom suffered the effects of two world wars and the worst depression in world history. Many of them have become self-sufficient, and have been able to acquire sufficient resources of their own to see them through the years of their retirement. However, thousands of Canadians who have retired in the last few months are finding their life savings so badly eroded by inflation that a few dollars can make the difference between comfortable retirement and a bare existence. Had the escalation clause in this legislation been linked directly to the cost of living, the basic pension would now be $90.53. In other words, recipients will still be eight dollars short of the sum they should actually be receiving each month, notwithstanding the minister's own view that in arriving at the amount of old age security payments the cost of living is a necessary criterion.

As I say, we sometimes wonder whether history is not repeating itself. In 1957, $6 was given under this legislation.. Today, it is $8. The legislation still falls short. I realize that on July 1 an old age pensioner will receive a cheque for $97.28. However, on August 1st his cheque will be reduced to $82.88. In other words, he will get a bonus for one month. I do not know how near we are to an election, but I feel recipients of old age security payments will not be led astray by this attempt to bribe them with their own money, money which was due to them many months ago. According to the minister, this concession will cost an additional $166 million. Looked at within the whole spectrum of social security spending, which is within the neighborhood of $5 billion, this is not such a large sum. I say to the minister: Think again, and amend the legislation further, even at this late stage in such a way as to bring the basic old age security pension up to at least $90.53, the amount pensioners should be receiving had the escalation clause been instituted in 1967 when the pension was set at $75.

[*Translation*]

Mr. André Fortin (Lotbinière): Mr. Speaker, I was anxious to comment briefly on the amendments moved by our colleague the hon. member for Simcoe North (Mr. Rynard) to the effect that old age security pensions provided by Bill C-207 be increased.

Mr. Speaker, we attempted, yesterday, through an amendment, to express a different way of looking at old age security pensions. One of these motions provided for the payment of these pensions at age 60, rather than 65. The second aimed at extending the old age income security provision to persons less than 60 years, of age provided the spouse has reached the prescribed statutory age of 60.

It is known that the bill introduced by the minister provides for old age security pensions to be paid at 65, while we would like them to be payable at 60.

A third motion followed and aimed at the total cancellation of the guaranteed income supplement which is nothing but administrative "tampering" that is extremely costly and gives practically nothing more to senior citizens. Later I shall quote figures to clarify this point.

We ask that the guaranteed income supplement be cancelled, and that $200 a month be paid all senior citizens, and this without inquiries, administrative manipulations, forms or complex calculations, such as Bill C-207 proposes.

It has been said that those motions entailed expenditures of public money—

• (1550)

[*English*]

Mr. Munro: Mr. Speaker, on a point of order, I do not wish to offend the hon. member and I would be interested to hear his remarks, which seem to be about his party's policy with respect to this legislation, more appropriately on third reading if the hon. member wishes to expound his philosophy again. However, in respect of this amendment I understand that the rules of relevancy apply, and I fail to see how his remarks relate to the amendment.

The Acting Speaker (Mr. Laniel): Order, please. The point raised by the minister is well taken. At the time the minister rose the Chair was examining the bill and amendment, while hoping that the hon. member would bring his remarks to bear on the amendment itself, which did not seem to be the case.

[*Translation*]

When the minister rose on a point of order, the Chair was in the process of studying the clause of the bill and the amendment, and felt that the hon. member was digressing from the subject before the House, namely the amendment at the report stage, to which the rule of relevancy applies specifically and stipulates that the debate must bear formally on the amendment and the clause before the House.

Obviously, the Chair cannot, under the circumstances, prevent the hon. member for Lotbinière from rising and making opening remarks but, I wonder, whether in so doing he did not digress, and whether he should not keep his remarks for the debate on third reading; I would invite him, for the time being and if at all possible, to stick to the amendment and the clause before the House.

Mr. Fortin: Mr. Speaker, I would not want to offend you or the Minister of National Health and Welfare (M. Munro) but as I maintain that my remarks pertain to the amendments moved by the hon. member for Simcoe North which provide for an increase in certains amounts provided for in the act; my opinions refer to them. That is why—

The Acting Speaker (Mr. Laniel): Order. The Chair regrets to have to interrupt again the hon. member, but I want to remind him that the House is considering but one of the amendments moved by the hon. member for Simcoe North, that is Motion No. 6, which proposes to strike out, on page 2 of the Bill, the word "is" and substitute the words "shall not be less than". Therefore, this is a very specific and rather restrictive amendment.

I find it difficult to allow the hon. member to carry on with his comments on amendment No. 7, which is not yet before the House at this time.

Mr. Fortin: Mr. Speaker, I must say again I can hardly understand your explanations. I shall read the amendment moved by the hon. member for Simcoe North (Mr. Rynard) so that you may be sure that I know what it is about:

That Bill C-207, An Act to amend the Old Age Security Act, be amended by striking out the word "is" at lines 14 and 24, page 2 and substituting the words "shall not be less than".

Now, what can one read in line 14 Mr. Speaker? I quote:

4. (2) (*a*) for a month in the fifteen-month period commencing with the month of January, 1972 is the amount obtained by multiplying

(i) the basic amount of such pension,

Mr. Speaker, as far as I know, when one is talking about multiplication and division, he is talking about figures. That is precisely what I have been doing since the beginning of my remarks.

Besides, the marginal note says:

Basic amount of pension

and further on:

Annual adjustment of basic amount of pension

Therefore I am justified in speaking of the basic amount and I maintain it should be $200 a month, for all older people in Canada and without any means test. That is why I believe I am complying with the rule of relevance.

I come to the same conclusions upon reading line 24 of the same clause. Indeed one can read in the amendment and I quote:

and substituting the words "shall not be less than".

As far as I know, Mr. Speaker, subtractions and additions concern the basic amounts and I maintain once more that I am complying with the rule of relevance.

I said we brought forward that kind of amendment because we thought that the basic philosophy of Bill C-207 did not correspond to the real situation of older people in Canada.

The philosophy behind this bill and the amendments submitted by the member for Simcoe North on parts of clauses 3 and 4 has demonstrated how complicated it is to give money to our senior citizens and help them.

Those clauses provide for all kinds of mathematical complications, reports, inquiries; each time his financial situation will change the old age pensioner will have to declare it, etc.

Mr. Speaker, granting a guaranteed income supplement is based on a wrong principle. Instead of helping our senior citizens by giving them increased financial assistance, without government bickering, we set a minimum basic amount and, taking into consideration the economic situation as determined by the government, we raise as much as possible the guaranteed income supplement which will be added to this basic amount.

Under the government philosophy it is more important to grant a minimum basic amount and a maximum guaranteed income supplement and thus determine whether elderly people can survive or not. This is quite ridiculous. We believe that we should simply increase the basic amount up to the maximum intended by the government, including the guaranteed income supplement, and give it to all senior citizens whatever their income, without any inquiry and bickering so that they may enjoy the security of a minimum income.

I do not know whether the Minister of National Health and Welfare understands what I am trying to tell him but I am strongly opposed to the fact that he will not be able to pay this money to the elderly since it is going to be swallowed up by the administration of the basic amount and of the guaranteed income supplement.

Mr. Speaker, so much for the remarks I wanted to make and, as you have noticed, they were quite related to the clause under study.

[*English*]

Mr. Robert C. Coates (Cumberland-Colchester North): Mr. Speaker, I should like to say just a few words in support of the amendment proposed by the hon. member for Simcoe North (Mr. Rynard). I think the amendment is a realistic one in that what the hon. member is endeavouring to do is to provide the flexibility that the government may need and which is not inherent in the present legislation. What the hon. member for Simcoe North is endeavouring to do is give recognition to the fact that the figure proposed by the government is unrealistic. It is a long time since the cost of living in Canada has increased by only 3½ per cent a year. Whether the government likes it or not, and whether it wishes to talk about its great battle to control inflation, the fact of the matter is that it has not controlled inflation and it is not in the neighbourhood of 3½ per cent.

• (1600)

The hon. member for Simcoe North is saying that even though the Liberal party does not recognize this fact, the Progressive Conservative party does, and that if the Progressive Conservative party were in office it would put in this bill the type of escalating clause which would guarantee to the people that the purchasing power of their dollars would be as high this year as they were last year, and as high next year as they are this year. This party recognizes that $80 today has a devil of a lot less purchasing power than $80 had a year ago, and certainly a devil of a lot less than $82.80 had a year ago.

It is very easy to get confused about old age security pensions and guaranteed income supplements, Unfortunately, I am sure that sometimes the public does not recognize the difference. The significant difference between the two schemes, as far as I am concerned, is that Canadians have contributed to this pension fund and have a right to receive their fair share from it. It is not something the government is handing out, it is something to which they have a right because they paid for it. Every Canadian, through his contribution to income tax, has paid for an old age security pension. This is just the same as any pension scheme a person in Canada might have with a company for which he has worked. He does not have to come as a supplicant to this government on bended knee in order to receive $82.80 per month in pension. This government has an obligation to pay this money because the old age recipient has contributed.

What bothers me is that this government, when it eliminated the escalator clause, was saying to the old age pension recipient that he was not in fact going to receive an amount equivalent to what he contributed. The government was saying that it was, in fact, precluding these pensioners from receiving the amount they thought they were contributing and would receive. This government and previous governments has taken certain moneys with

a certain purchasing power from the old age pensioners of today and tomorrow.

My leader spoke about constant dollars in his speech on the budget debate on Monday. If we look at this bill from a constant dollar point of view, we find that the value of the dollar the government pays to a recipient of old age security when he qualifies at age 65 is less than it was when he contributed through taxes, in spite of the clause proposed by the government containing the 3½ per cent escalation. It could well be that the escalation in the cost of living will be twice as high as the 3½ per cent stipulated by the government. This is exactly the same situation as that in respect of the 3 per cent perpetual bonds, through which the government is robbing the people of this country blind.

What the hon. member for Simcoe North is suggesting to the contributors to the old age security fund is that we will recognize that they are contributing constant dollars toward old age security and that they will receive constant dollars. In other words, the dollars contributed toward old age security will be of the same value as the dollars received when they qualify for old age security. That is our commitment to the old age security recipient now and in the future. That is what we are interested in and that is the reason we have proposed this amendment.

It may be that the hon. member for Winnipeg North Centre (Mr. Knowles) could suggest another method of doing the same thing. Our difficulty is that, in endeavouring to propose amendments to a piece of government legislation, you must take the legislation as you find it and amend it in the best way you can. I believe the hon. member for Simcoe North has endeavoured to do that. If the hon. member for Winnipeg North Centre has a better idea as to how this can be done, and if he proposes such a way, I know that the hon. member for Simcoe North will, as will every other hon. member of the Conservative party, support such an amendment.

Mr. Knowles (Winnipeg North Centre): Would you vote for a $150 basic pension?

Mr. Coates: I am not opposed to that.

Mr. Knowles (Winnipeg North Centre): Just your leader.

Mr. Coates: I am speaking for myself right now. What I am saying is that we would like to see the old age security recipient in this country receive justice. He is not going to receive justice under this legislation, nor will he receive it when getting an extra $2.80 per month. There are ways and means, and certainly sufficient funds, to see that these recipients do get justice. I cannot for the life of me understand why this government is not willing to give the old age security recipients what they need and have a right to receive. I do not believe the government's proposal will accomplish that, but I believe that the amendment brought forward by the hon. member for Simcoe North is a step in the right direction. It could meet the situation if properly applied. There may be other ways of doing this, and I do not argue with that. There is always more than one way to accomplish something. I suggest that this amendment would provide a more equitable deal for the old age recipients of this country than the proposition contained in the legislation now before us.

[Mr. Coates.]

Hon. John C. Munro (Minister of National Health and Welfare): Mr. Speaker, I have had the opportunity of listening to the hon. member for Simcoe North (Mr. Rynard) and of reading the clause of the bill the hon. member would choose to amend. I must say I fail to see what significance the amendment will have. The clause of the bill states what, in fact, the escalation is to be. The effect of the hon. member's amendment would be to make this escalation not less than what it is in fact to be. I question what impact this would have.

That being my view, I do not intend to go into the substance of some of the allegations, comments and observations of the hon. member and others. If they are relevant, I think it is not with reference to this particular amendment but rather to third reading, and I will be more than happy to take advantage of my opportunity of rebuttal on third reading, if these views are expressed again at that particular time.

• (1610)

The Acting Speaker (Mr. Laniel): Is it the pleasure of the House to adopt the said motion? All those in favour will please say yea.

Some hon. Members: Yea.

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

Some hon. Members: Nay.

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

Some hon. Members: On division.

The Acting Speaker (Mr. Laniel): I declare the motion negatived on division.

Motion No. 5 (Mr. Rynard) negatived.

The Acting Speaker (Mr. Laniel): Before I render a decision on motion No. 7 put forward by the hon. member for Simcoe North (Mr. Rynard), perhaps I should give notice of the first impression of the Chair regarding the acceptability of this motion. In my opinion, it would require additional expenditure on the part of the Crown and on this basis I would have difficulty in accepting the motion. If hon. members have opinions on the acceptability of that motion I would like to hear them. Otherwise, I will make a decision at this time.

Mr. G. W. Baldwin (Peace River): Mr. Speaker, perhaps it is fair that I should argue this one.

Mr. Knowles (Winnipeg North Centre): You won when you did not argue.

Mr. Baldwin: Perhaps, on the hon. member's suggestion, if I sit down the Chair might decide in my favour. If I could receive some indications from the Chair to that effect, I would be glad to sit down right away.

I suggest, Mr. Speaker, that if you look closely at this motion you will see that it is not a direction. The hon. member for Beauce (Mr. Rodrigue) as reported in yesterday's *Hansard* at page 2326, used these words in dealing

with an amendment which might seem at first blush to infringe upon the Crown's right to initiate expenditures:

This is obviously, I think, a broad amendment, since it would force the Crown to incur additional expenditures.

Using that as a yardstick, I suggest that this amendment does not in fact force the Crown to incur additional expenses because there are certain safeguards written into it. In the first instance, it provides that there is to be an instruction to consider the advisability of inserting therein the following clause. This is the old, traditional method, which we have used in the House for a great many years, of dealing with the question of advisability. It may well be that in considering the advisability the committee may seek a legal opinion. The law officers of the House may be present, and they may say to the members of the committee that what they seek to do they cannot do because of certain rules and certain statutes. I call that to your attention in the first instance, Mr. Speaker.

Your Honour is aware of the fact that there are several types of amendment on third reading referring matters back to a committee. Some of them contain a direction that the committee do something. This is not one of them. This is a direction that it be sent back to the committee with an instruction to consider the advisability of doing something. With all due deference, I think it would be drawing a long bow to say that a committee cannot be urged by the House to consider the advisability of doing something, even though the Chair may have a fairly strong view that what they may urge to be done might not be proper.

Then, I go to what is set out in paragraph 2 of the amendment which reads:

No order may be made under subsection (1) until the proposed text of the order has been laid before the House of Commons by a member of the Queen's Privy Council for Canada and the making of the order has been approved by a resolution of the House of Commons.

I take it that that is a safeguard which is written into this amendment by which the House will be instructing the committee to ensure that all proper and legal steps are taken. It may well be that Your Honour or any member of the House cannot exclude the possibility that in committee, as a result of persuasive and eloquent arguments which are made by members of the committee, the government may be persuaded that what we are proposing to do is sensible and generous. I recognize that may be very difficult, because one thing we know about this government is that so far it has not been kind, compassionate or generous in dealing with old age pensioners. But I do not rule out the possibility that eloquent and strong argument in the committee might well persuade the government to change its mind. If the government saw fit to change its mind, and to support an amendment of this kind, it could affix legality to it through the text of an order to be laid before the House of Commons by a member of the Queen's Privy Council.

Finally, the third paragraph of the amendment reads:

Expenditures required under an order made under subsection (1) should be paid for out of moneys to be appropriated by parliament.

You have to read into that the words "to be appropriated by parliament pursuant to the laws of this land".

I suggest that if you put all this together, what you have is a recommendation from the House to the committee to consider the advisability of inserting this clause, but to do so only on the understanding that all of the things which have to be done to provide it with a cloak of legality are in fact carried out. That is the limit of the recommendation. I would have no hesitation at all in doubting the acceptability of the amendment if the bill were to be referred back to the standing committee with a direct instruction that the following clause be inserted therein. But when the safeguards are written into it, then the House is in fact saying to its faithful committee: "attempt to improve this bill but do so only when you can do it by the proper steps which need to be taken under the constitution to make it effective."

Having in mind the impediment which is faced by members of the House in attempting to secure a better form of arrangement for old age pensioners, I suggest that the Chair should be vigilant and alert in trying to find ways and means of construing my argument so as to make this amendment acceptable.

Mr. Jerome: I wonder if the hon. member was speaking on motion No. 7, because I fail to follow his argument.

Mr. Knowles (Winnipeg North Centre): Yes, we are on motion No. 7.

Mr. Baldwin: I apologize, Mr. Speaker. I poured forth all this eloquence with respect to another amendment. I simply ask that when the time comes I may be able to refer to what I have already said. When I came into the House, I was under the impression that the House was dealing with another amendment. If we are dealing with motion No. 7, my words were poured into the arrid atmosphere. My argument has no application, and so far as we are concerned I think the motion should be put.

• (1620)

Mr. Jerome: Mr. Speaker, I have only the briefest comment to make with respect to motion No. 7. It appears to me to call for a straight, across-the-board increase in the amounts to be paid under one classification in clause 10, and appears to fly directly in the face of the recommendation, and therefore is clearly out of order.

The Acting Speaker (Mr. Laniel): Order. Possibly at this time I should express my regret to the hon. member for Peace River (Mr. Baldwin) for not calling him to order. The Chair had been trying to follow his argument and, at the same time, look at the clause itself. I do not think I succeeded in finding any connection that would change the decision of the Chair. After what was said by the hon. member for Peace River at the end of his remarks, the Chair can only repeat that this motion would result in increased payments from public funds. If hon. members refer once more to Beauchesne, citation 246, they will see arguments there that are quite eloquent as to the non-acceptability of such an amendment at this time.

Accordingly, if there are no more motions the Chair will put the motion for concurrence.

Hon. John C. Munro (Minister of National Health and Welfare) moved that Bill C-207, to amend the Old Age

Security Act, as reported (without amendment) from the Standing Committee on Health, Welfare and social affairs be concurred in.

The Acting Speaker (Mr. Laniel): Is it the pleasure of the House to adopt the said motion?

Some hon. Members: Agreed.

Motion for concurrence agreed to.

The Acting Speaker (Mr. Laniel): When shall the said bill be read a third time? By leave, now?

Some hon. Members: By leave now.

Mr. Munro moved that the bill be read the third time and do pass.

The Acting Speaker (Mr. Laniel): Is it the pleasure of the House to adopt the said motion?

Mr. P. B. Rynard (Simcoe North): Mr. Speaker, it is not very often that the House gets an opportunity to preview an amendment, but on this occasion hon. members have had a good opportunity to look at one. The amendment that I intend to move has been dealt with by the hon. member for Peace River (Mr. Baldwin). It is that the bill be referred back to the Standing Committee on Health, Welfare and Social Affairs, with an instruction to consider the advisability of inserting therein the following clause:

The Governor in Council may, by order, increase the Old Age Security pension so as to reflect the full increase in the Consumer Price Index since the 1st January 1967—

What we are seeking is simple justice. I find myself facing quite a paradox. Not being a lawyer and able to examine two sides of the coin, I am simply examining the right side and looking for justice. While this amendment may not meet all the legal requirements of the minister, it does satisfy the consciences of most of us, and I would say his conscience also. I know he is bound by some tentacles which hang on to him pretty firmly or else he would agree to accept this.

How in the world can we sit in this chamber and not give the justice that we should to those people to whom we have denied the right of escalation according to the increase in the consumer price index since 1966? This is not right; it is not fair. We are asking for fairness so that these people may know they have been justly treated. The longer I sit in this chamber and watch governments, Mr. Speaker, the more I see a tendency to cheat. I know that in balancing things, decisions have to be made. A government has to cut expenses somewhere or else increase taxes. The present case demands simple justice. The amount of money necessary would be small. I am no economist but under the present proposal old age pensioners are being cheated out of about $10 a month. It is time we took steps to rectify that.

I would ask the minister to support me right down the line on this amendment. If necessary, the bill should go back to committee to provide that no order will be made under subsection (1) until the proposed text of that order has been laid before the House by a member of the Queen's Privy Council for Canada. Surely this amendment is in order, both from the legal standpoint and the conscience standpoint, and so I move it, Mr. Speaker.

The Acting Speaker (Mr. Laniel): Order, please. The Chair has no motion in front of it.

Mr. Rynard: Mr. Speaker, I was trying to save time by not reading it all. I move, seconded by the hon. member for Peace River (Mr. Baldwin):

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

"Bill C-207, An Act to amend the Old Age Security Act, be referred back to the Standing Committee on Health, Welfare and Social Affairs with an instruction to consider the advisability of inserting therein the following clause:

'(1) The Governor in Council may, by order, increase the Old Age Security pension so as to reflect the full increase in the Consumer Price Index since the 1st January 1967 to date with adjustments to the Guaranteed Income Supplement.

(2) No order may be made under subsection (1) until the proposed text of the order has been laid before the House of Commons by a member of the Queen's Privy Council for Canada and the making of the order has been approved by a resolution of the House of Commons.

(3) Expenditures required under an order made under subsection (1) shall be paid for out of moneys to be appropriated by Parliament.' "

The Acting Speaker (Mr. Laniel): Order. I think this would be the right time to invite hon. members to comment on the acceptability of the amendment. I have to question a certain aspect of it, but before rendering a decision I would invite hon. members to comment. This, of course, would include the hon. member for Peace River who has already made some comment on it.

Mr. Baldwin: Mr. Speaker, I regret very much that I made my argument at the wrong time. It was because I came into the House hurriedly after attending to important business, and I thought we had reached this stage of the bill. However, no harm has been done. It may be that what I said in advance will have convinced the Chair and the Chair's advisers and, if so, I have nothing more to add.

• (1630)

Mr. Deachman: Mr. Speaker, may we have a copy of the motion please?

Mr. Baldwin: It is very simple.

Mr. Munro: We are having some difficulty with the writing, Mr. Speaker. I wonder if the hon. member for Peace River (Mr. Baldwin) has a copy that he could let us have so that we can be certain of the wording.

Mr. Baldwin: We only had three copies, Mr. Speaker. We thought it would be accepted without any argument, so we do not have any more copies available.

Mr. Munro: I wonder if I might ask the hon. member for Peace River to look at his copy. I am reading the amendment and five lines down it reads "consider the advisability of inserting". Then, he has crossed out "inserting the following" and put in something else. Can he tell me what he inserted there?

Mr. Baldwin: The hon. member for Winnipeg North Centre (Mr. Knowles) and I must share in the good things of life. Would the minister be kind enough to repeat his request?

Mr. Munro: If the hon. member would be kind enough to read the fourth and fifth lines of his amendment which start, "with an instruction to consider the advisability of inserting". I am not clear what comes after that.

Mr. Baldwin: It reads, "instruction to consider the advisability of inserting therein the following clause".

Mr. Munro: Mr. Speaker, I listened to the rather ingenious argument of the hon. member for Peace River on motion No. 7, and I thought that we might have the pleasure of hearing it all over again but apparently that is not to be so. It appears that his contention is that this is really not a specific instruction for the expenditure of additional moneys. I believe he relies entirely on the phraseology "with an instruction to consider" as saving him from the application of that particular rule. I do not think it does in this particular case, Mr. Speaker, inasmuch as he indicates further on what those instructions are to be. They are quite specific; that we are to increase the old age security pension. We are not just to consider the increase, but to consider it in very specific terms as follows:

—so as to reflect the full increase in the consumer price index since the first of January, 1967 to date with adjustments to the guaranteed income supplement.

If one takes just the component dealing with retroactivity to 1967, those instructions are quite clear, quite specific. They call for additional expenditures, a function that cannot be performed by other than the government. This amendment would necessitate the additional expenditure of many millions of dollars. With sufficient time, I could obtain an estimate of the amount involved. Certainly, the retroactivity feature, if tied in with the escalation for the cost of living going back to January 1, 1972, we estimate would cost somewhere in the vicinity of $80 million.

I would want to check my figures, but if I am correct in that, hon. members can readily understand the additional expenditure required to take the retroactivity of the escalation back to January, 1967. If I am correct on the $80 million figure, we are probably talking about several hundreds of millions of dollars in the application of this particular feature, not even taking into account the adjustments to the guaranteed income supplement, if the amendment means more than merely the retroactive escalation of the old age security back that long.

I might indicate as well that, while we are dealing with the rather monumental additional expenditures called for by this particular part of the amendment, when you add that to the expenditures we are already committed to with reference to this particular bill in the sense that it calls for expenditures of some $250 million to $280 million, to say nothing of the cost of the exemptions announced by the Minister of Finance (Mr. Turner) for senior citizens, we can see that this type of impact over and above what is already planned would be very serious indeed.

I must say that since the amendment is so specific as to what the committee is to do, what additional expenditures there will be—and it is possible to estimate very precisely what those expenditures would be—I fail to see how the hon. member for Peace River can any longer rely on the generality of the words "an instruction to consider". For that reason, I think it is quite obviously an inappropriate amendment at this particular time, Mr. Speaker.

Mr. Baldwin: Mr. Speaker, I do not want to repeat what I said, although if I am pressed I will repeat part of it. What the minister has said demonstrates the wisdom of a course of this kind. The minister has been making an argument in this House, which I think is the wrong place to make it, against using the words in the amendment of the hon. member for Simcoe North (Mr. Rynard), "the advisability of inserting therein the following clause".

If this amendment were passed, what would happen? Let us cast our minds ahead. The committee would be seized of jurisdiction by reason of the direction of this House. It is quite plain that there is no firm, mandatory direction to the committee to insert it, but to consider the advisability of inserting it. That involves several things. First, should those words be inserted? What about the question of cost vis-à-vis benefits to the people involved, the old age pensioners, the people of this country who are so detrimentally affected by inflation? The minister might be able to appear before the committee and make a convincing argument, as he has attempted to make here, that it would not be advisable to do it. If he were successful the committee would reject the amendment.

On the other hand, if he were not able to convince the committee that it would be advisable to do it, then they could make a proposal to insert those words but, as I repeat, with the safeguards I have referred to before and which make it quite plain that it cannot be done unless all the requirements are met which have to be met when we deal with matters of a financial nature. We have been a little ingenious, and we have had to be. We are not yet the government but time will shortly cure that. Until we are the government, in dealing with these matters we are compelled to make propositions of this nature.

I would go a step further. If one looks at the financial recommendation which appears on the bill itself, it is couched in fairly vague terms. The first few lines read:

His Excellency the Governor General has recommended to the House of Commons the present measure to amend the Old Age Security Act; to fix the basic amount of the old age pension at $80 per month—

• (1640)

There has been no attempt to change that. I continue:

—and to provide that it will be escalated annually to reflect the full amount of any increase in the Consumer Price Index with the initial escalation—

I draw Your Honour's attention to the words, "to reflect the full amount of any increase." There is a strong element of vagueness and variability about this, Mr. Speaker. The act attempts to define Consumer Price Index in clause 1 as follows:

'Consumer Price Index' with respect to any fiscal year or any twelve-month period means the average of the Consumer Price Index for Canada, as published by Statistics Canada under the authority of the Statistics Act, for each month in that fiscal year or twelve-month period,—

You can search the Statistics Act from one end to the other and you will not find any definition of Consumer Price Index. The Statistics Act provides that the statistician—I forget his title—

Mr. Knowles (Winnipeg North Centre): It should be her title.

Mr. Baldwin: Yes—can, by the direction of the minister, in this case the Minister of Industry, Trade and Commerce (Mr. Pepin), publish certain statistics dealing, *inter alia*, with the prices of goods and services. That is all you will find in the act. Statistics Canada has every right to vary the method used to fix the index governing price and wage increases, or the changes which occur in prices and wages from month to month. It has every right to vary the method used for arriving at the value of the index. We might find, as was found last year—

The Acting Speaker (Mr. Laniel): Order, please. I am not sure that the hon. member is debating at this time the procedural acceptability of the amendment.

Mr. Baldwin: Yes, I am, Mr. Speaker.

The Acting Speaker (Mr. Laniel): It seems that he is debating the matter itself, as if we were discussing the amendment and not its procedural acceptability.

Mr. Baldwin: With all due respect to Your Honour, to hon. members of the House and particularly to the minister, let me say that even if we were to accept his argument, and I do not and I have given convincing reasons to show why the Chair ought not to accept it, and look at the financial recommendation which accompanies the bill, which the Chair must look at to determine whether there is any variation between what this amendment proposes and what His Excellency proposed, we still will not find that distinction which I submit is necessary. I say that because the financial recommendation must be considered together with the legislation governing Statistics Canada and the definition of Consumer Price Index.

After all, the Consumer Price Index is to be the basis for varying the escalation in the old age pension. Because of sloppy draftsmanship, the government will permit in future years considerable variations to arise in the interpretation of what should be the increase in old age pensions pursuant to changes in the cost of living. The Consumer Price Index is determined by Statistics Canada in a variety of ways. The methods used to determine the Consumer Price Index may be changed at any time. Therefore, the term Consumer Price Index is not a statutory definition. One will find, therefore, on reading the terms of the recommendation, that the recommendation itself is not too clear. The language of the recommendation is not so clear as to prevent our including another variable in those elements which are to be taken into calculation in arriving at pensions. However, that is going beyond the point that I need to raise.

Let me return to what I said before. The committee is being instructed to consider the advisability of something. It may decide that it is not advisable to do it, in which case that settles the matter. On the other hand, if it decides that it is advisable to do something, then, according to the amendment proposed by the hon. member for Simcoe North, it must observe certain safeguards. There are certain safeguards which ensure that this amendment will not be inserted in the act until certain conditions are met. First, an order must be laid before the House by a member of the Queen's Privy Council, and the making of the order must have been approved by a resolution of the House of Commons. Second, expenditures shall be paid for out of moneys to be appropriated by Parliament. The latter wording I submit ought to be construed as "to be appropriated by Parliament according to the law of this land."

Mr. Jerome: Mr. Speaker, I ask Your Honour to consider one or two brief comments I will make about the procedural acceptability of the motion in addition to the remarks that were made by the minister. I submit that if the amendment were accepted by the House, it would offend directly against two or three precedents.

As the bill is now being considered at the third reading stage, it has gone through clause by clause examination in the standing committee, at which time members enjoyed the opportunity to propose amendments to the bill, if they so wished. Several amendments were proposed at that time. In addition, pursuant to the rules, amendments were proposed in the House at the report stage, after proper notice had been given. There the Chair had the opportunity to consider the procedural acceptability of those amendments. Motions to increase the amount of the pension were ruled out of order. One, which was debated this afternoon, was accepted by the Chair. The point is that substantive amendments to the bill can be put only at certain times. They can be put either in committee or at the report stage in the House, after proper notice has been given.

This amendment, in my view, is not an amendment which seeks to change the motion for third reading of the bill, although it would do that by an indirect route, but is a substantive amendment to the bill itself. I submit that what the hon. member in that regard cannot do directly he ought not to be permitted to do indirectly. He is proposing at this time an amendment which goes to the very substance of the bill. I submit, therefore, that this is an amendment affecting not the third reading motion, but the substance of the bill itself, and it cannot be permitted at the third reading stage.

Second, the amendment intends, as the hon. member clearly said, to increase the amounts which would be paid under the Old Age Security Act. That intent is not directly evident. The language of the amendment is ingeniously couched and would lead, indirectly, to that end. Here, again, the hon. member is attempting to do indirectly what he knows he is not permitted to do directly, namely, through an amendment to seek to increase amounts paid as pensions. To achieve both these procedurally illegal objectives, the hon. member has ingeniously proposed an amendment which, if accepted, would send the bill back to the committee and, further, send it back with the specific direction as to what the committee must do. That, I submit, is the final, fatal flaw in the amendment.

Mr. Baldwin: No, not at all.

Mr. Jerome: I see the hon. member shakes his head. He suggests that his amendment does not give a specific direction to the committee but, rather, asks the committee to give consideration—

Mr. Baldwin: To the advisability.

Mr. Jerome: —to the advisability of doing something. In other words, he is not asking the committee to consider the bill in its entirety but is asking it, instead, to confine its attention to one subject only, the contents of his amendment. I submit that that specific direction to the committee constitutes a fatal flaw in the amendment which the hon. member proposes.

For those reasons, I submit that the amendment cannot be and ought not to be accepted. Its acceptance would destroy existing precedents and would constitute a most dangerous new precedent, by permitting substantive amendments to be introduced at the third reading stage, which otherwise would not be permitted. Further, the precedent would permit bills to be referred to some body, with a specific direction that something be or be not done. This amendment would be a substantive amendment at this stage. Its flaws, I submit, are fatal to it and I submit it is out of order.

Mr. Baldwin: It is fatal for us to suggest anything the government does not like.

Mr. Munro: Even if you have tried it twice.

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, I did not decide to speak in this procedural debate until my good friend, the Parliamentary Secretary to the President of the Privy Council (Mr. Jerome), took the floor. His attempt to say that you cannot move amendments on third reading which would refer a bill back to a committee makes it necessary for me to defend the right that has been exercised in this House a good many times. Some day I should like to take him to the library and show him bills considered in the last century, when neither he nor I were here, that were subjected to third reading amendments between 40 and 50 times. Therefore, the business of referring bills back to committee from third reading is not something that was dreamed up by the hon. member for Peace River (Mr. Baldwin).

• (1650)

The reason I was thinking of sitting this one out is that I cannot get excited about amendments that propose to raise the amount that old age pensioners are getting from $82.88 to $90 or something like that. What is needed is a change in the bill to provide a basic pension of $150 a month. If I knew of any way to bring in an amendment that would force this House to vote on that proposition, the amendment would be made but, frankly, I see no way in which that can be done, under our rules as they stand.

Even though I am not excited about this amendment, for I think it is a case of trying to put up something to cover the fact that the Leader of the Opposition (Mr. Stanfield) has declared himself against the $150 a month pension, I think there is a procedural case to be made for this amendment. So far today, most of the talking has been off the cuff. That is usually my style as well. For a change, let us look at Beauchesne's Fourth Edition, citation 415(1), and I quote:

> When a bill comes up for third reading a member may move that it be not now read a third time but that it be referred back to the Committee of the Whole for the purpose of amending it in any particular.

The reference there is to the committee of the whole, but if the bill has been before a standing committee, it is common practice that that is the place to send the bill back. The rest of citation 415(1) simply says that the motion is not debatable. Citation 415(2) reads:

> Bills may be recommitted a number of times with or without limitation; in the latter case, the whole bill is opened to reconsideration, but in the former case the Committee can only consider the clause or amendments or instructions referred to them.

Surely, there is an implication in 415(1) and (2) that it is possible by way of an amendment on third reading to ask that a bill go back to committee with a request that such and such be considered. That is what the hon. member for Simcoe North (Mr. Rynard) is asking, that this bill be not now read a third time but that it be sent back to the Standing Committee on Health, Welfare and Social Affairs for the purpose of reconsidering a certain aspect of the bill.

There is another citation or two along the same line, asserting the right of referral. Your Honour may say quite frankly that there are also some citations that raise doubts. This is why we have Speakers—to resolve these differences. Citation 415(4) reads:

> On the third reading of a Bill, an amendment to refer back to the Committee of the Whole must not tend to change the principle approved on the second reading.

That imposes a certain limitation. The same kind of limitation appears in citation 418 which reads:

> All amendments which may be moved on a second reading of a bill may be moved on the third reading with the restriction that they cannot deal with any matter which is not contained in the bill.

In other words, if this amendment sought to change a principle, not a detail, that was approved on second reading, or sought to put into the bill something that is not already contained in the bill, in principle, then it would be out of order. As the hon. member for Peace River pointed out, the subject matter of this amendment is already in the bill. He referred to the hon. member's recommendation for provision for escalating of the pensions paid under the Old Age Security Act to reflect the full amount of the cost of living increase. I suggest that the hon. member for Simcoe North is not importing any new idea. The bill already provides that there shall be an escalation clause, different from the old 2 per cent ceiling that we had, related to the actual cost of living. This amendment simply proposes a change in detail as to how that escalation is to be put into effect.

Speaking procedurally, it seems that this amendment does not offend citation 415(4) or the sentence I read from citation 418 from Beauchesne and that it is supported by citations 415(1) and (2). In substance, I still do not think that the amendment deals with what we should be dealing, but I have to support the hon. member's right to put such an amendment.

[*Translation*]

Mr. André Fortin (Lotbinière): I thank you, Mr. Speaker.

Considering the eloquence displayed by the hon. member for Peace River (Mr. Baldwin), that of the hon. member for Winnipeg North Centre (Mr. Knowles) as well as their competence in this matter and their excellent work in the Committee on Procedure and Organization, I do not think I have to repeat what they have said. I would like to recall not a precedent but something that was done yesterday when the House was considering a motion to refer a bill back to the committee on third reading. That motion was as follows:

That Bill C-2 be not now read a third time, but that it be referred back to the Standing Committee on Justice and Legal Affairs for the purpose of reviewing clause 44 and particularly paragraph (a).

That amendment was accepted by the Chair, which shows that, in his argument, the Parliamentary Secretary to the President of the Privy Council (Mr. Jerome) does not take into account as the hon. member for Winnipeg North Centre said, the right of an hon. member to move such an amendment on third reading, in accordance with section 415 (1) and (2) of Beauchesne's Parliamentary Rules and Forms.

Mr. Speaker, the amendment we moved yesterday was substantive and tended to give quite detailed instructions to the committee. It even attacked the principle and contents of clause 44. If one refers to yesterday's debates, the Chair with the House's consent had accepted that amendment which has been put to vote today. I would think therefore that the parliamentary secretary's argument that the hon. member should be refused the right to bring in this amendment because it is a substantive amendment with detailed instructions has now been refuted in less than 24 hours.

[*English*]

The Acting Speaker (Mr. Laniel): Order, please. I thank hon. members for their contribution in helping the Chair make a decision. I agree that the amendment before us is well drafted in that it could be looked at as a proper case.

I listened to the arguments of the hon. member for Peace River (Mr. Baldwin) that statistics from Statistics Canada might not correspond to the consumer price index for all kinds of reasons. This was getting into the debate itself which the Chair cannot do and cannot use as an argument.

In my opinion, the decision that has to be rendered at this time is based on two points. The first point is to try to determine whether the amendment departs from the principle adopted on second reading. The hon. member for Lotbinière (Mr. Fortin) referred to an amendment that was accepted by the Chair last night. That amendment proposed to refer a bill back to committee to amend one particular clause. Over the years, it has been the practice to accept a six-month hoist amendment or refer a bill back to a committee for the purpose of reconsidering one particular clause.

• (1700)

In this case, the Chair is wondering whether the amendment would not tend to change the principle which has been approved on second reading. The hon. member for Winnipeg North Centre (Mr. Knowles) referred to citation 415 of Beauchesne at page 287. He even read paragraph four of that citation which, to my mind, is very clear. I might perhaps repeat it:

On the third reading of a bill an amendment to refer back to the Committee of the Whole must not tend to change the principle approved on second reading.

Basing myself on this paragraph, I find myself wondering whether the committee itself would have the power to deal with such an amendment. In the opinion of the Chair the amendment which has been proposed is really one which brings in a new subject, a new approach, if one considers the debate which has taken place and the study which has been carried out at the earlier stages.

Again, if we read citation 418, we find a similar thought expressed in the following terms:

The question for the third reading is put immediately after the report from the Committee of the Whole. All amendments which may be moved on a second reading of a bill may be moved on the third reading with the restriction that they cannot deal with any matter which is not contained in the bill.

The Chair is wondering whether the proposal made in this amendment does not involve a new matter, a new approach to the bill itself.

Hon. members might also refer to Beauchesne at the bottom of page 275 where the rules which govern reasoned amendments are set out. We find that the first principle to be taken into consideration when drafting or accepting an amendment is the rule of relevancy.

There is another aspect with which the Chair has to be concerned. It is the financial aspect. I wonder whether the amendment, in the form in which it is presented, is not seeking to do indirectly what the hon. member cannot do directly. Citation 246(3) of Beauchesne, 4th edition, makes it clear that hon. members should not try to do indirectly what they cannot do directly. I think I should read this paragraph:

The guiding principle in determining the effect of an amendment upon the financial initiative of the Crown is that the communication to which the royal demand or recommendation is attached must be treated as laying down once for all (unless withdrawn and replaced) not only the amount of the charge, but also its objects, purposes, conditions and qualifications. In relation to the standard thereby fixed, an amendment infringes the financial initiative of the Crown not only if it increases the amount but also if it extends the objects and purposes or relaxes the conditions and qualifications expressed in the communication by which the Crown has demanded or recommended a charge.

Although the other citations from Beauchesne, 415 and 418, made me hesitate about accepting the amendment before us, having regard to the rule of relevancy, my decision is confirmed by what is contained in Citation 246. Looking again at the amendment I can only conclude that it puts forward a new financial proposition, one which I cannot accept at this time.

[*Translation*]

Mr. Fortin: Mr. Speaker, Bill C-207, An Act to amend the Old Age Security Act, involves all the outdated social security system that we know.

Social security in Canada costs increasingly more to all governments and therefore to the Canadian taxpayers who assume the charge through their taxes. In spite of all the speeches from government members, social disparities persist. In spite of the investment of billions of dol-

lars, even in Canada, there are still some people who go to bed hungry and among them there are often old people.

The bill which is in third reading features three things. First, it provides a cost of living escalation clause. As a matter of fact, it is an excellent piece of legislation and I want to commend the minister for it.

For a long time, there have been requests for the escalation of social assistance rates based on the cost of living, since the first to suffer from inflation were the sick, the disabled, the war veterans and the elderly people who, moreover, were subjected to an income ceiling set by governments granting them pensions, which resulted into serious injustice.

That is why I welcome the provisions which are found in Bill C-207 for escalating old-age security pensions in line with the rise in the cost of living.

Where I do not agree is on the basic amounts granted and on the principle of the guaranteed income supplement.

• (1710)

In fact, a basic amount of $82.88 will be granted to anyone aged 65. In order to receive more money, forms will have to be filled in and returned for the expert calculations of public servants who will establish what is the amount of the supplement, in accordance with the cost of living index. At any rate, the maximum amount to be granted after these lengthy and complicated calculations will be $150 a month, including the amount based on the cost of living.

I do not know of any unmarried person who can live on $150 a month in Canada. Out of $150, $60 a month must be deducted for housing which leaves only $90 a month to the pensioner for food, clothing and drugs. They have to live 30 days on that. We know that older people are often in need of drugs which are very expensive.

Mr. Speaker, the bill now under consideration which would raise monthly pensions to $150 for single persons and $285 for married couples is not realistic. It does not take into account those who are victimized by the present economic situation. In fact, this light increase is not geared to the cost of living.

Everybody is aware of the fact, Mr. Speaker, that in Canada housing, clothing and food are the most expensive things. Now, these three items of our everyday life are precisely those which are first affected by inflation, by the increase in the cost of living. The moment we begin to feel the increase in the cost of living, we can see immediately the bad effects it has on rents, which older people are unable to control. These people are just like everybody else: they must live with the lease system and put up with rent hikes. Though old, they cannot go to the corner store, to the grocer's, and say: I do not want prices to go up. Being frozen at $150 a month, their income is clearly insufficient and they are compelled to suffer the increase in the cost of living without any kind of protection.

The government will tell me that I am wrong, that under the legislation they will get an increment geared to the cost of living, but I shall answer right away that the proposed 3.6 per cent progressive boost based on the cost of living only applies to this maximum amount of $150. This means that the increase in the cost of living is only taken into account for the total amount of $150. Now then, with $150, as I said earlier, a person cannot live decently in Canada. This does not even represent the bare minimum with which one person can have three square meals a day.

This is why I said at the beginning of my remarks that the government's philosophy in speeding up the passing of this bill—and I am not the least surprised about it—can only bring more misery and poverty in Canada, that it is nothing but a bandaid treatment which does not settle the problem at all and which can only maintain people in poverty because what they are granted under this legislation does not meet their requirements, at this time.

Mr. Speaker, since 1962, we have been calling for this escalation in old age security pensions according to the increase in the cost of living. This is the first principle that we support. Secondly, we suggest that the basic amount of old age security pensions should be equal to the minimum income that a person requires to live decently. We are urging that senior citizens be granted a basic amount equivalent to the minimum income that a person must have in order to live decently and cope with the rising cost of living.

This is why we have moved amendments at the report stage to improve the bill, to change its intent, its philosophy, to get us out once for all out of this mesh that generates poverty and social inequalities. Is it any wonder that after 10 years, in spite of the billions of dollars invested in social security, social inequalities are still with us? Is it any wonder that poverty continues to exist in a country as rich as ours?

Mr. Speaker, it is significant because pensions are inadequate and do not take into account the minimum a person requires in order to live decently. As a result, people get no help, but only crumbs with which they manage to keep body and soul together. It is unfortunate, and we find it shocking, considering the tremendous wealth of our country, that all Canadians should be the victims of the financial system that controls everything.

Mr. Speaker, we are asking, in plain words, so that the other side will understand, that the old age security pension—and this was the purpose of the amendments we moved—be statutorily available to people at 60 instead of 65. Why? Simply because, on account of what is going on in our ridings, a person of 60 who has the bad luck of losing his job—a fact which accounts for economic insecurity in Canada—has a very hard time finding another job, some proper means of living. Actually, it is impossible.

A Canadian age 60, Mr. Speaker, is almost incapable of finding a job. Now, a person who loses his job through illness—and it is a known fact that that illness strikes more often at that age—has no chance of finding another decent job. This means that no help is available and that he must rely solely on himself for his livelihood, in order to meet his needs and obligations, with the result that he must manage to survive for five years, from 60 to 65, with the hope of living until then and getting the old age security pension at 65, as provided in the bill.

Mr. Speaker, the minister is in front of me and I ask him why the government refuses to lower the eligible age to 60, since, anyway, this government, as former governments, has found nothing worthwhile not only to keep people of 60 or 65 working, but above all to enable them to survive while waiting for their pension.

• (1720)

This is why the eligible age has to be lowered to 60. Another reason is that the labour market can no longer absorb all the young people who are looking for work and are qualified to fill available positions.

On the other hand, we can find on the labour market in Canada hundreds of people aged 60 or 65 who would like nothing better, after having gone through two economic crises and two wars, than to retire. Considering they have to go on working in spite of their age and their ailments, not only will they be "penalized" where unemployment insurance payments are concerned, but they will not be eligible for an old age security pension until they reach 65. Thus, those people are not only forced to keep on working, sometimes until their death, but they are also deprived of a well-deserved retirement. It is not that the labour market should get rid of those people, but it is high time that we should treat Canadians properly. Those people have done more than enough to build our country, and we now have a duty to assure them of a well-deserved retirement.

This is why we strongly request that the eligible age for old age security pensions be lowered to 60. Is it not proper that we should allow those people to enjoy a well-deserved retirement?

There is a second point with which I wanted to deal and which I am surprised to see has been overlooked. In order to make myself clear, I am going to give a very specific example. Let us suppose that a 65-year old person receives his old age pension and that, for a valid reason, he decides to stop working, or that he loses his job—considering how little job security we now have in Canada. This person comes back home and applies for an old age security pension. The maximum she can get, together with her spouse, is $285. If she is alone and if her spouse is not entitled to it, she will draw $150. The person being retired and her spouse not being 65, she will not be entitled to the old age security pension. So, this couple will not get $285 a month, as is the case for a couple when both are entitled to the pension. Thus, because these persons are not both 65, they are penalized and cannot really benefit from the increase that is being announced with such noise. In this particular case, the measure cannot be efficient.

This is why we ask the government not only to consider this proposal but to act and grant an old age security pension of $150 to any person whose age is less than what is prescribed in the present act, provided his or her spouse is entitled to it. Thus, if the husband retires and his wife is only 59 or 60, she will not have to work to keep the family afloat. This pension would enable her to retire also and live happily with her husband.

Mr. Speaker, it seems to me that this proposal is worth considering.

[Mr. Fortin.]

Mr. Cyr: Perhaps that would not be accepted by Quebec.

Mr. Fortin: The hon. member for Gaspé is saying that perhaps it would not be accepted by Quebec. My answer is that the federal government should at least consult Quebec before taking this step. We should avoid raising more constitutional issues that do not settle the matter, as it has just been done.

Quebec Social Affairs Minister Castonguay says the problem is that the federal government, in a particular sector, gives a pension which results in financial difficulties for those who support the retired people and that the government of Quebec, despite its illimited spending capacity, cannot solve the problem and has therefore a feeling of frustration.

Many of these problems could be avoided if we would agree to give $150 a month to the spouse of those who will get the old age pension at 65, unless we bring the eligibility age down to 60 as we would like. We could avoid many problems and allow this couple to live decently.

Finally, the third proposal that we also defend strongly is the following; according to the provisions of Bill C-207, the old age pension that will be granted by the government is ridiculous even if it includes a supplement geared to the cost of living. This means inquiries, forms to be filled, correspondence, administrative intrigue, in one word more bureaucracy. There is already enough of that, not only as far as the government is concerned but also for the population in general.

We suggest that we should quit bothering people and start really helping them by granting the basic amount to each elderly person in one monthly $200 payment. I understand that some members will object that the government does not have enough money to give $200 a month to the elderly.

Mr. Speaker, with the $150 the government intends to give them, these people will not be able to live any better. By giving them $200 a month, they would have enough minimum income security to meet their legitimate needs.

Where would the money come from, Mr. Speaker? Today, it costs over $13,500 million, unless I am mistaken, to finance the federal, provincial and municipal welfare programs. And most of that money is spent in administrative costs. Those amounts are therefore not paid to the people for whom they are intended. That may seem unbelievable to some of my colleagues. Yet, I invite them to consider the fact that to finance the guaranteed income supplement, the old age security pensions, the allowances to the blind and the disabled, the program for the professional rehabilitation of the disabled, manpower mobility, adult training allowances, student grants, assistance to the immigrants, clearing up of the downgraded zones, veterans's pensions, Indian and Eskimo affairs, welfare services, research, all those services cost $1,097 million, of which no Canadian sees a single penny. That, Mr. Speaker, proves that we have reached the point where bureaucracy dominates the legislature and the government.

• (1730)

That is why we say this must cease, that the problem should be settled once and for all by giving people direct-

ly, without inquiry, once they have reached the age of 60, $200 a month without any supplement. Thus, Mr. Speaker, and for the sake of consistency, I move, seconded by the hon. member for Kamouraska (Mr. Dionne):

That Bill C-207, an Act to amend the Old Age Security Act, be not now read for the third time but be referred instead to the Standing Committee on Health, Welfare and Social Affairs for the purpose of considering the advisability of:

(a) Lowering to age 60 eligibility for the old age security pension;

(b) Granting the old age pension to every person, even if his age is lower than the provisions of the present act, whose spouse receives a monthly pension by virtue of the said act.

(c) Abolishing the concept of the supplement and fixing the basic amount at $200 a month.

—and $150 a month for the spouse under 60.

Mr. Speaker: The hon. member could perhaps indicate, for the information of the Chair, if he feels that this amendment is acceptable according to Standing Orders. The hon. member will admit that an almost identical amendment was moved a few moments ago by the hon. member for Simcoe North (Mr. Rynard). My colleague, the hon. member for Beauharnois-Salaberry (Mr. Laniel), who was occupying the Chair at that moment, outlined the precedents and referred to the Standing Orders applicable in such cases. I am afraid that his decision then is also applicable on all counts to the amendment moved by the hon. member for Lotbinière.

However, I would be happy to listen to any comments on the matter.

Mr. Fortin: Mr. Speaker, I just wanted to refer you, in support of this motion, to citation 415(2) of Beauchesne's Parliamentary Rules and Forms which reads as follows:

Bills may be recommitted a number of times with or without limitation; in the latter case, the whole bill is opened to reconsideration, but in the former case the Committee can only consider the clause or amendments or instructions referred to them. When material amendments are desirable, the order for the third reading may be discharged, and the bill recommitted to introduce the amendments in Committee.

Mr. Speaker, I would like to base my argument on that paragraph to which I will come back in part.

Yesterday, as you will recall, we brought in an amendment tending to refer Bill C-2 to the standing committee on justice and legal affairs so that section 44 be completely deleted from the bill. Your colleague ruled that the amendment we brought in yesterday called for a redrafting of section 44, which was not the case, Mr. Speaker.

The amendment we moved yesterday tended only to delete this paragraph from the section.

Along the same line, Mr. Speaker, we attack the bill in its third reading without any limitation. I quote from the citation:

Bills may be recommitted a number of times with or without limitation, in the latter case, the whole bill is opened to reconsideration;

The motion that I move, seconded by my colleague, the hon. member for Kamouraska, tends to question the very principle of the bill, its philosophy, not the principle of granting financial assistance to old people, but the one under which the basic payment and the guaranteed income supplement are established.

Then, Mr. Speaker, we question the age factor. The bill provides for the payment of a pension to any person who reaches age 65. I ask that the committee examine the possibility of lowering the statutory age to 60.

Also, Mr. Speaker, the bill provides for an escalation of this pension in line with the increase in the cost of living, for the single person as well as for married couples.

The bill does not provide for the payment of a pension to the spouse of the old age security pensioner.

Anyway, Mr. Speaker, as the hon. member for Peace River (Mr. Baldwin) pointed out, there is some flexibility in the bill itself which will allow for an increase in the pensions.

My motion is to the same effect and in the same spirit. That is why, Mr. Speaker, I believe it is relevant since it is substantive, since it deals with the principle of the bill and is non-limiting.

I shall repeat in concluding what you have so well understood, and I am positive about it: Whenever a bill is to be referred, the whole bill may be reconsidered.

Mr. Speaker, that is precisely what I am after, so that our senior citizens in Canada may get true income security instead of some fictitious social security.

[*English*]

Mr. Speaker: Is the hon. member for Winnipeg North Centre addressing himself to the point of order?

Mr. Knowles (Winnipeg North Centre): Mr. Speaker I rise to say only a brief word. I like the substance of this amendment much better than the substance of the amendment we had a while ago. I argued that it should have been in order, but we lost on the ground that it went a little beyond what was in the bill. All I can say with regard to this amendment is that if I had thought it was possible at this stage to bring in an amendment to provide for a substantial increase in the amount of the pension, to lower the eligible age and to provide benefits for spouses who are younger, you would have had such an amendment from me long ago.

Mr. Speaker: I thank the hon. member for his comments. I am rather suspicious that perhaps this is exactly what would have happened.

[*Translation*]

I also wish to thank the hon. member for Lotbinière for his comments.

I am afraid the hon. member has failed to differentiate between the two types of amendments: the one which allows the House to consider the suggestion that a bill be referred to a committee for one of its sections to be re-examined or reconsidered, and the other one which is called reasoned amendment in English and which is used by a member to indicate why he intends to vote against the principle of the bill.

The reasoned amendment here gives a detailed account of the reasons why the hon. member intends to vote against the bill as such on second or third reading. There is no question then of referring the bill to a committee but simply of saying why the House should vote against the bill as such.

I think that the hon. member is aware of the precedents in this respect.

The other type of amendment suggests that a clause of a bill be referred to a committee for consideration and it is possible of course to give instructions to a committee to consider any clause. Unfortunately, the instructions to be given to the committee must comply with our Standing Orders and a well established precedent is that which is found in Beauchesne in citation 415. I should like to quote from it and to refer hon. members to paragraph (4). I quote:

On the third reading of a bill, an amendment to refer back to the Committee of the Whole must not tend to change the principle approved on the second reading.

• (1740)

418. —On the second reading of a bill, an amendment may be moved expressing opinions as to any circumstances connected with its introduction or prosecution, or seeking further information in relation to the bill by committees or commissioners, the production of papers or other evidence, or the opinion of judges. This cannot be done on the third reading because it is not directly connected with any provision—

The principle expounded by the author of citation 418 is to the effect that there should be a strict relevance in the case of an amendment moved at the third or second reading stage.

The 3rd paragraph of citation 246 of the 4th edition of Beauchesne's Parliamentary Rules and Forms reads as follows:

(3) The guiding principle in determining the effect of an amendment upon the financial initiative of the Crown is that the communication, to which the royal demand of recommendation is attached, must be treated as laying down *once for all* . . . not only the amount of a charge, but also its objects, purposes, conditions and qualifications—

I do not want to read the whole paragraph, but in quoting paragraph 3 of citation 246, I wanted simply to remind the hon. member that it is not possible to instruct the committee to do something the House itself cannot undertake, which the committee cannot be authorized to do, that is to amend the financial orders of the Crown.

I could read other citations, including No. 252, but I do not think it is necessary to do so. It is obvious to me that hon. members could, if they so wished, simply move an amendment to the effect that a particular clause of the bill be reconsidered. A motion to this effect would be acceptable, contrary to that moved by the hon. member.

Moreover, I sincerely believe that it violates our Standing Rules and I do not think that it could be acceptable to the Chair.

[*English*]

Mr. Jerome: Mr. Speaker, my intervention in this debate on third reading will be very brief indeed. I note that there are a number of hon. members who are anxious to make contributions to the debate at third reading stage, and that some of them have spoken already on second reading. I believe there are a small number of hon. members who have speeches to make not of very long duration, but undoubtedly of substance. It now being 17 minutes to six o'clock it would seem entirely possible that we are very close to concluding third reading of this very important measure. That being the case, my only purpose in intervening in the debate is to move, pursuant to Standing Order 6:

That the hours of sitting be extended beyond six o'clock this day until debate upon third reading of Bill C-207 is concluded.

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, I rise on a point of order. I thought there was an agreement that we would sit beyond six o'clock for a little while to continue debate on this bill, hopefully to finish it, and I wonder if that is not the better way to do it. I am prepared to sit beyond six o'clock in order to finish this bill. I think many hon. members are prepared to do so, and I believe we could arrive at that conclusion this way rather than by use of a sledge hammer.

Mr. Jerome: I am not trying to do by sledge hammer what was under discussion. I know that the idea of sitting beyond six was under discussion at the time that the hon. member for Lotbinière (Mr. Fortin) proposed his amendment. However, since the time was running out during which such a motion could be put, I felt it was appropriate to get the floor at this time. I would much prefer to do it by agreement.

Mr. Baldwin: Mr. Speaker, I had attempted to get the floor before the hon. member for Sudbury (Mr. Jerome), and I was going to preface my remarks by saying we were prepared to sit until 6.30, and that there had been some discussion along those lines. That was the first sentence I was going to utter.

[*Translation*]

Mr. Gérard Laprise (Abitibi): Mr. Speaker, our party does agree to sit for a few minutes after six o'clock. But I wonder why such strong pressures were brought to bear lately to have this bill passed hurriedly when it is such an important one.

I would not like the members to be muzzled owing to the swiftness with which some want this bill to be adopted. We are willing to keep sitting, but not after 6.30.

[*English*]

Mr. Speaker: Order, please. Obviously there is no agreement. I would think in that case—

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, in view of what has been said, I wonder if there could not now be agreement reached in public that we sit until 6.30 and take a reading at that point.

Mr. Speaker: The Chair is open to receive that suggestion. The suggestion is that the House proceed to sit until 6.30—

Mr. Knowles (Winnipeg North Centre): And take a reading at that point.

Mr. Speaker: —and the question be put at that point?

Mr. Knowles (Winnipeg North Centre): No, I really did not mean that we would end the debate, but at that point we re-assess the situation to find out if we could finish in another eight or ten minutes. I am trying to find a way to end this debate today, and to do it happily by agreement.

Mr. Speaker: Obviously, there is no agreement. If there is no agreement the Chair has to put the motion. I will inquire if there is agreement.

Some hon. Members: No.

Mr. Speaker: Order. The hon. member for Abitibi (Mr. Laprise) has indicated that there is no agreement. Therefore the question is—

[*Translation*]

Mr. Laprise: Mr. Speaker, I rise on a point of order.

I tried to explain a few minutes ago that we were willing to have the House sit until 6.30. If at 6.30 the discussion is over, we could proceed with the vote. However, if at 6.30 o'clock, some members want to have the floor, I would not wish to prevent them from doing so. The debate could be resumed to-morrow because I feel the sun will rise again in the morning as usual.

[*English*]

Mr. Jerome: Mr. Speaker, it occurs to me that that objective can easily be achieved by passing the motion and stopping the debate at 6.30, which would accommodate everybody's point of view.

Mr. Speaker: Order. It is obvious to the Chair that the only thing to do is to put the motion.

Mr. Knowles (Winnipeg North Centre): You blew it, Jim.

Mr. Speaker: Order, please. Mr. Jerome, seconded by Mr. Watson, moves pursuant to Standing Order 6:

That the hours of sitting be extended beyond six o'clock this day until debate upon third reading of Bill C-207 is concluded.

Are any members objecting?

And more than ten members having risen:

Mr. Speaker: There being more than ten members objecting, the motion is deemed to have been withdrawn.

Mr. Knowles (Winnipeg North Centre): I suppose you have to learn the hard way, Jim.

Mr. G. W. Baldwin (Peace River): Mr. Speaker, I would like to repeat what I said before, and add that if the hon. member for Sudbury (Mr. Jerome) had not intervened I would have completed what I had to say by this time. However, we are still prepared to sit until 6.30.

We have in the past waived the notices which have been required. We have been co-operative. We have done all that an opposition could do with respect to expediting this bill, still retaining our right to debate intelligently and responsibly what we think are errors and defects in the legislation. If we did anything less than that we would not be discharging our duty to our constituents and to parliament. And having said that, Mr. Speaker, I repeat that this party is still prepared to sit until 6.30 with respect to this measure. I hope that the measure will pass, much as I dislike many aspects of it. And it probably will pass, either by 6.30 or certainly by some time early tomorrow afternoon. It will then go to the other place, and no doubt will become law.

Let me say very hastily that there are three aspects of the bill which disturb me, despite the fact that it is going to pass and that we are not opposing its passage. In the first place, so far as the amounts are concerned, the government has shown itself to have all the characteristics of a shabby, mean, petty-fogging, Scrooge approach to the older people of this land. There is no question about it. Those are the facts. Having calculatedly brought about a measure of inflation in this country to which the older people were exposed as the first victims, and having resisted strongly all attempts from this side of the House—in a non-partisan manner I include members from all opposition parties—over the months and years to expand the spending power of the older people who are in need of increased pensions to make up for the difficulties which inflation has brought upon them, the government has persisted in its attitude. The government voted against our motions to amend existing statutes, motions which all parties on the opposition side launched through the medium of opposition days, and the traditional motions with respect to the Speech from the Throne and budget. Our proposals have not been accepted and everybody on the other side, from the Prime Minister (Mr. Trudeau) down, has voted against them. However, some improvement in the pension position of the elderly is being made and we propose to support it.

• (1750)

The second thing I dislike about the bill is the way it has been introduced. I repeat what I said about the attempts made by the opposition to improve the lot of these people and the rejection of those attempts by the government. Then suddenly, in what appears to be the dying days of Parliament, we are told "Take it or leave it; it has to be through by a certain day and we require from you all forms of acceptance in order that the bill may receive Royal Assent by this Friday". This is not a way to govern this country; this is not a way to pass legislation which is so badly required for the benefit of the old people of this land. I resent having to give my approval under these circumstances and against this background.

Finally, Mr. Speaker, there has been a problem in relation to the constitutional issue, the federal-provincial aspect and the abrasive attitude of this government in its approach to the other provinces, in particular the province of Quebec. In this regard I should like to quote from an interview with the Prime Minister published today in the Toronto *Star*. The interviewer said:

I was wondering too, and I don't want to ask phoney questions about election dates and so on, but it has crossed my mind about the effect of calling an election if this Quebec problem continues over the months.

I say here, Mr. Speaker, that there had been some discussion, as there has been in the press and in the mind of the Prime Minister, about the attitude taken by ministers in the Quebec government on this bill and the lack of consultation on it. There had even been public threats of resignation by Quebec ministers. The question continues:

I wonder what would be the effect of an election with Quebec in this state of semi-turmoil?

This is the answer:

It's hard to say but my guess would be that it would rather serve the cause of federalism and hopefully of our government—

Our Liberal government, of course.

—to have that kind of an election, because I think the people of Quebec want to be reassured that there is at least one strong government somewhere. And if we are campaigning in Quebec and saying: "Look, you may be having troubles locally but don't worry; the country is in good strong hands; please vote for us", I think it wouldn't be disadvantageous to us.

I am sure Premier Bourassa is saying to himself "With friends like these, who needs enemies".

The province of Quebec made its position clear with respect to this bill. I do not necessarily share their views, but there has been abrasiveness and divisiveness between the two governments. In these circumstances, the leader of this government which is trying to push through this bill, publicly makes this cold, calculated statement. With this background, Mr. Speaker, it irks me very much to have to give my approval to this bill but I do so, as do my colleagues. We know the increase is not enough, and it is not given under the circumstances it should be, but we know that these people need it desperately. In these conditions, we propose to do what we can to see that the bill passes and that, hopefully, it will receive Royal Assent within the time required.

[*Translation*]

Mr. René Matte (Champlain): Mr. Speaker, may I be permitted to briefly resume my position concerning Bill C-207.

During the debate on second reading, I explained with enough detail that the government behaved in an equival manner when it introduced point-blank this legislation aimed at increasing the old age security pensions. Some errors and, above all, the omissions of the last session are being remedied to a certain extent.

No doubt pressed by the imminence of the next general election, the government did not really try to improve the Old Age Security Act or to provide greater purchasing power to people 65 or over. It was satisfied with some window dressing. It did stop to consider the case of married couples aged 60. And yet, how many times did we urge the government seriously to consider this possibility? They did not care at all about the serious consequences that such a decision might have on the Quebec government, and on this point, I agree with the hon. member for Peace River (Mr. Baldwin).

The Prime Minister (Mr. Trudeau) hides behind a so-called correspondence that they refused to table at the beginning of the afternoon. This is why I speak of a so-called correspondence with the responsible authorities of the Quebec National Assembly.

At a time when unrest prevails in the province, they stir the fire by provoking, arrogantly—this is the very expression used by Premier Bourassa—the Quebec ministers, Messrs. Castonguay, L'Allier, Toupin and Cournoyer. It is very nice to say that they are always ready to consult and co-operate with the Quebec government. It is clear, however, that they could not care less. This is the way to increase social inequities.

Concretely, what does this mean? A Quebec social welfare pension of $135 for persons aged 60 to 64 inclusively. At age 65, the federal Department of National Health and Welfare grants them $285 per month. That difference of

$150 is what provoked the Quebec government: it was too much for Mr. Bourassa's cabinet.

I cannot but deplore this situation which could have been avoided if our suggestions had been heeded. I feel sure that if we take away from the Quebec Social Affairs Department responsibility for all families where parents are aged 60 to 65, we will be helping Quebec out of a difficult situation and we will be helping to create the famous just society for which the Canadian people are still waiting.

Mr. Speaker, those were the remarks I wanted to make on third reading.

I should like, on behalf of the people of the riding I am pleased to represent in this House, to indicate that we are, of course, ready to support an increase in the old age security pension, but that we regret the questionable conduct of the government under the present circumstances. And we are all longing for more justice, more equity, more security, to be established, as soon as possible, for all Canadians. That is why we insisted so much for the minister to implement our suggestions, in view of the fact that our amendments were rejected.

• (1800)

[*English*]

Mr. Foster: Mr. Speaker, before you call it six o'clock, may I ask permission of the House to revert to routine proceedings in order to table a committee report?

The Acting Speaker (Mr. Boulanger): Is this agreed?

Some hon. Members: Agreed.

ROUTINE PROCEEDINGS

VETERANS AFFAIRS

Second report of Standing Committee on Veterans Affairs—Mr. Foster.

[*Editor's Note: For text of above report see today's Votes and Proceedings.*]

GOVERNMENT ORDERS

OLD AGE SECURITY ACT

AMENDMENTS RESPECTING ESCALATION OF PENSIONS, RESIDENCE REQUIREMENTS, INCREASE IN GUARANTEED INCOME SUPPLEMENT

The House resumed consideration of the motion of Mr. Munro that Bill C-207, to amend the Old Age Security Act, be read the third time and do pass.

Mr. Robert McCleave (Halifax-East Hants): Mr. Speaker, among the people we all represent the saddest, surely, are those of advanced age who are unable to fend for themselves and who go through all forms of privation in

trying to retain their properties. I know several. In my constituency, Halifax-East Hants, there are people who will eat only one meal a day instead of three. Those people will do almost anything to retain the place in which they have lived over the years. It struck me, when we were considering the formula involving the consumer price index, that perhaps we are not really achieving justice for Canadians from coast to coast; so, I went to the consumer price index itself to see what it involved. It is my impression, having looked at the formula on which the consumer price index is based, that it simply does not provide a sufficiently good answer for the plight of the old age pensioner.

Let me refer to the Canada Year Book for 1970-71, and especially to page 1059, where one will find a section devoted to the consumer price index. I will not read all of it, but I will read enough to prepare a foundation for my argument:

> The purpose of the consumer price index is to measure the movement from month to month in retail prices of goods and services bought by a representative cross-section of the Canadian urban population. For a particular article or service, a price index number is simply the price of the article in one period of time expressed as a percentage of its price in a reference period, usually called a base period. However, indexes for individual goods may be combined to form indexes representing prices of broad groups of goods and services. Thus, the consumer price index relates to the wide range of goods and services bought by Canadian urban families. The index expresses the combined prices of such goods each month as a percentage of their prices in the base period 1961.
>
> The group of goods and services represented in the index is called the index 'basket' and 'weights' are assigned to the price indexes of individual items for purposes of combining them into an over-all or composite index. The weights reflect the relative importance of items in expenditures of middle-size urban families with medium incomes. The basket is an unchanging or equivalent quantity and quality of goods and services. Only prices change from month to month and the index, therefore, measures the effect of changing prices on the cost of purchasing the fixed basket.

Having laid that foundation, let me make a telling point against the use of the consumer price index. I continue quoting from that article:

> The basket and weights now used in the index are based on expenditures in 1957—

That was 15 years ago, Mr. Speaker. I continue:

> —of families of two to six persons, with annual incomes of $2,500 to $7,000, living in cities of 30,000 population or over.

The injustice lies in this, Sir: That index is not a proper representation of the type of cost that the older person is apt to encounter. For one thing, the older person is apt to incur higher medical costs than a younger person may encounter. Or, he may need special clothing, special nursing care, or the like for coping with the problems associated with old age. In short, the problems that the older person faces are not the same as the problems that the population in general face.

Second, Sir, the cost of living, as reflected by the consumer price index, is not the same everywhere. Living costs in small towns are apt to be different from those of our great metropolitan centres. That is simply not taken into account. For instance, property taxes will vary, and the like. So, I suggest that there is real weakness here in using the consumer price index formula. That formula arrives at one figure. It is inflexibly applied from coast to coast and does not take into account the varieties of experiences that older people may undergo.

Third, I say that the index is not sufficient, because the floor itself is not sufficient. The floor should be put at around $100, instead of at the figure that is proposed. I say that, Mr. Speaker, because the formula, again, does not take into account another great fact of life, namely, that poverty levels have been established in Canada; and, so far as I can determine, the poverty level is at least $250 or $300 per person higher than amounts being proposed in this particular measure. So on the basis that half a loaf is better than no loaf at all, I will support the bill; but may I say that it is only a small step forward and that a better step could have been taken. We might have adopted something better than the consumer price index as a measuring tool, something that would be more representative of those classic studies that have been carried out in the last 10 or 15 years involving the poverty level, below which Canadians should not be allowed to exist.

• (1810)

[*Translation*]

Mr. Gérard Laprise (Abitibi): Mr. Speaker, before we proceed with the third reading of this bill, I have a few remarks to make. The first is about the government's insistence on having this bill passed so hastily. I wonder why and we will try to find the reason.

First, this bill was passed on first reading and referred to the committee last Friday, that is, May 12 at 5:40 p.m., at the end of the day and of the week. The bill was considered the following Monday, namely Monday last, even though committees seldom sit on Monday, and the report was immediately submitted at 5:50 p.m. This means that the government is quite anxious to have this bill passed, and even though it will help considerably our senior citizens, I do not think the government should insist so much on having the Senate deal with it so soon. The hon. senators will only have to repeat their memorable feat of a few months ago when they railroaded the tax bill. I am convinced that this bill will get the royal assent tomorrow night.

At all events, it seems to me that the Canadian people will soon have to choose a new government. This is why we should expedite this bill. At last the Canadians will be able to elect a real government which will set up a real system, the one that the Canadian people want.

The present social and economic system prevents the weak, the handicapped and the aged from having access to the tremendous wealth of our country. We, Créditistes, believe that Canada has the necessary economic resources to enable all Canadians to live above the poverty line.

All the remedies applied in Canada in the past to solve the problem of poverty have been applied at the income level. Attempts have been made by both governments and labour unions to increase personal incomes, but nobody has ever thought of increasing the purchasing power, or at least of keeping it from decreasing all the time as is the case at present.

Statistics Canada recently published a very significant table in this regard.

If the price index is considered on a basis of 100, we see that in 1947, we could buy with 65.6 cents what costs $1.33.4 today.

Mr. Speaker, this means that every time the cost of living rises, the purchasing power is reduced, especially for older people and all those who cannot earn their living. They are pitied but are only given meagre pensions or welfare allowances.

This is why the Social Credit party has been urging for a long time that older people's rights be recognized. We must not grant them pensions as we give charity. No. They have rights, and it is these rights that we want the government to recognize.

In 1965, the committee for the advancement of older citizens gave evidence before a special joint committee of the House of Commons and the Senate on the new Canada Pension Plan. Here is what was said at that time:

> We are taking the liberty of saying openly that we do not want an increase in the cost of living, we want a decrease. The increase in prices is a direct cut in benefits, thus reducing all income and mostly the income of those who live on small private pensions. A cost of living adjustment of $2 cannot compensate the increase in prices.

Further on, it says:

> We urge that adequate provisions and arrangements be included in the new legislation to ensure that all pension plans provide a minimum basic pension of $100 a month. We also request that the age limit for both plans be brought down to age 60 for women and age 65 for men, when full benefits should be paid.

Not just a portion of the allowance, according to the wealth of individuals or the savings they may have achieved! I shall discuss that point later on in my speech.

I continue to quote:

> Old-age pensions were introduced in Canada under economic conditions very different from those now prevailing. In those days, old-age pensions were hand-outs, bare pittances subject to means tests, to keep body and soul together at age 70. When the fire of life was barely a spark, and life expectancy was much shorter than today.

Mr. Speaker, this is no longer a question of charity to older people. It is a matter of right which we seem to forget. Instead of thinking about things and goods that Canada has to offer to older people, we think in terms of dollars. As the government is "broke" it does not show much generosity to older people.

I quote from the White Paper on Income Security in Canada tabled a few months ago by the Minister of National Health and Welfare (Mr. Munro). It says on page 1, first column:

> This occasion, when new income security policies are being considered, affords an opportunity for a statement of purpose and basic policy. Although any new initiatives are necessarily limited by what is economically feasible—

Can we see the existing needs? The government's new initiatives are being paralyzed by the economic situation. We are thinking in terms of dollars. There is no consideration as to what may be offered and as to what the country is in a position to offer, be it for food, housing, clothing, any kind of services. We think of the expenses that the country can afford.

And in the center column, we find this—I think it is precious, Mr. Speaker—and I quote:

> Unless the system gives most individuals capable of working the opportunity to productively exercise their initiative, the national wealth to finance income security will not be generated, and the country will lack the means to assist those who cannot participate fully or partially in the labour force.

Why the "unless"? Do Canadians refuse this productive exercise, Mr. Speaker? Is there something wrong with the system in the eyes of those who wrote the white paper? They seem to have doubts about the system.

Mr. Speaker, if there is something wrong with the system, let us change it and let us allow the elderly to receive what they are expecting.

In 1967, I submitted to the House a motion which provided that both spouses would simultaneously receive their old age pension.

• (1820)

On May 7th 1971, I again insisted that when someone receives his old age security pension, even if his spouse has not reached pension age, the latter has a right to take advantage of this pension as well as the former. In my opinion, if two persons live on such a pension, even if it is now being increased to $150, it is still not enough.

Then, if the spouse were also to receive the old age ssecurity pension, we would allow at least the couple to live decently upon retirement.

When I put forward this motion on May 7th, 1971, the hon. member for Hull (Mr. Isabelle) who was then Parliamentary Secretary to the Minister of National Health and Welfare said about me:

> —aroused my curiosity to the point where I wondered whether the speech he delivered so masterly
>
> "would not fall in the darkness and void of times".

The member for Hull should have said instead that the speech made by the hon. member for Abitibi "would not fall in the darkness and void of the liberal party". That would have been far more accurate, for we are still at the same point as we were then, and the liberal party overlooks the spouses of persons 65 years old.

With the low increase it now grants to our senior citizens, which in fact does not exceed $12.30 a month, the government thinks it can call an election next week and go to the people hoping that the old people will crawl before it, before the liberal party, and carry it back to power.

Mr. Speaker, I think and I hope that the government is wrong. In view of the way the government keeps on insisting on that increase in income, and the participation of the guaranteed minimum income, we, of the social credit party, request that the pension be universal irrespective of whatever other income our senior citizens might have.

Mr. Speaker, in closing I should like to submit two cases out of the hundreds I have dealt with during the past few years. Let us take the case of a man from La Sarre, my own city, a close neighbour of mine. He has reached retirement age. Having worked hard from age 12 or 13, he saved, managed carefully all his life. He and his wife were never seen in taverns or theaters. They deprived themselves of amenities all their lives and thus managed to put

aside a few thousand dollars. Today, they are being penalized for their thrift.

This man invested his savings through a bank, in bonds and shares in companies. He therefore receives interest or dividends on his investments. He has to pay income tax on this income. Furthermore, he and his wife are denied the supplement to which others will be entitled and which, under the new legislation, would amount to some $1600 a year for the two of them.

Mr. Speaker, the government penalizes those who save money during their lifetime and takes possession of those savings.

Mr. Speaker, I think that this is an injustice for these persons, and this is why we ask that this pension be granted to any person aged 60 or more, without discrimination.

The same situation exists in the case of people aged 65 or more who want to keep on working. For instance, one individual in my riding had a contract for the distribution of mail. After I had considered his case with him, he found out that he was working for nothing, that is, the guaranteed income supplement that he and his wife were losing was roughly equivalent to the amount that he would have earned distributing mail for 52 weeks. Once again, Mr. Speaker, this is unfair for an individual who wants to serve his country.

I think that Canada can and must grant our senior citizens a decent pension enabling them to live as they wish, to keep on being happy as they wish and they must not be deprived of this.

Lastly, the chairman of the Canadian Pacific, Mr. Crump, has retired. I assume that after spending more than 50 years with this company, including more than 20 years as chairman, Mr. Crump does not have to worry about his financial status or his leisure. However, Mr. Speaker, there are not very many Canadians in the same situation as the chairman of the Canadian Pacific. Most people have been taxed during most of their working years and reach retirement age with no income, except for a few of them. And when they do get some income, when they have saved something, they are penalized one way or the other.

This situation must cease as quickly as possible, and this is why we have introduced these amendments which have been rejected. I think that the people of Canada will accept these amendments in approximately two months from now.

[*English*]

Mr. Baldwin: On a point of order, Mr. Speaker. I see the time is rapidly approaching 6.30, which was the magic hour; I do not think we can really complete this business tonight. I have had discussions with hon. members in other parties and we are agreeable, if the House wishes, to an order of the House being made now, which would provide that all questions be put to dispose of the third reading tomorrow after not more than one hour of debate.

Mr. MacEachen: Agreed.

The Acting Speaker (Mr. Boulanger): Is that agreed?

Mr. Knowles (Winnipeg North Centre): Although we would still be prepared to continue to sit and finish this bill tonight, if that is not possible we are prepared to agree to this order being made. I would hope that in the hour's debate tomorrow I might get five or seven minutes.

Some hon. Members: Me, too.

The Acting Speaker (Mr. Boulanger): Is it agreed?

Some hon. Members: Agreed.

The Acting Speaker (Mr. Boulanger): It being past six o'clock the House will adjourn until tomorrow at 2 o'clock p.m.

It being twenty-eight minutes after six o'clock the House adjourned, without question put, pursuant to standing order.

HOUSE OF COMMONS

Thursday, May 18, 1972

The House met at 2 p.m.

ROUTINE PROCEEDINGS

COMMITTEES OF THE HOUSE

[*Translation*]

HEALTH, WELFARE AND SOCIAL AFFAIRS

Second report of Standing Committee on Health, Welfare and Social Affairs—Mr. Forget (Saint-Michel).

[*English*]

PROCEDURE AND ORGANIZATION

First report of Standing Committee on Procedure and Organization—Mr. Blair.

[*Editor's Note: For text of above reports, see today's Votes and Proceedings.*]

* * *

ADMINISTRATION OF JUSTICE

CORPORAL PUNISHMENT—REQUEST FOR UNANIMOUS CONSENT TO MOVE MOTION UNDER S.O. 43

Mr. James A. McGrath (St. John's East): Mr. Speaker, I should like to seek the unanimous consent of the House to propose a motion under Standing Order 43. I understand that there has been consultation with the House leaders by the hon. member for Egmont (Mr. MacDonald) who is unable to be here today but who would have moved this motion had it been possible for him to be here. The motion is prompted by a sentence handed down in the courts in Hamilton a few days ago involving the imposition of corporal punishment on a young offender who, in addition to being sentenced to ten strokes of the lash, received a rather substantial jail sentence. Therefore I would move, seconded by the hon. member for Calgary North (Mr. Woolliams):

• (1410)

That this House recommend the suspension of sentences of corporal punishment until the disposition of Bill C-2 by this parliament.

Mr. MacEachen: Mr. Speaker, I rise on a point of order. This is somewhat irregular, I realize, but there were consultations with the hon. member for Egmont and I undertook to examine whether it would be possible to accede to this request. I find that there are some difficulties in accepting the motion but that the objective, hopefully, can be reached by another route. At least, that is under consideration. Regretfully, I would have to say no to the acceptance of the motion at this time, although I agree with the spirit of it.

Mr. Knowles (Winnipeg North Centre): That is a typical Liberal position.

Mr. Speaker: The motion proposed by the hon. member for St. John's East is submitted to the House under the terms of Standing Order 43 and requires the unanimous consent of the House. Is there unanimity?

Some hon. Members: Agreed.

Some hon. Members: No.

Mr. Speaker: There is not unanimous consent and the hon. member's motion cannot be put at this time.

* * *

EXTERNAL AFFAIRS

TABLING OF SEABED ARMS CONTROL TREATY AND CANADIAN INTERPRETATIVE DECLARATION

Hon. Mitchell Sharp (Secretary of State for External Affairs): Mr. Speaker, I wish to table in the two official languages copies of the seabed arms control treaty along with the Canadian interpretative declaration. The treaty was ratified yesterday and will come into force today.

* * *

COMMUNICATIONS

TABLING OF MEMORANDUM OF UNDERSTANDING BETWEEN DEPARTMENT AND EUROPEAN SPACE RESEARCH ORGANIZATION ON CO-OPERATION IN FIELD OF ADVANCED SPACE TECHNOLOGY

Hon. Robert Stanbury (Minister of Communications): Mr. Speaker, pursuant to Standing Order 41(2) I wish to table in the two official languages copies of the memorandum of understanding between the Department of Communications of Canada and the European Space Research Organization concerning their co-operation in the field of advanced space technology, and also a copy of a diplomatic note to the Director General of the European Space Research Organization from the Secretary of State for External Affairs.

URBAN AFFAIRS

SEWAGE DISPOSAL—REQUEST FOR UNANIMOUS CONSENT TO MOVE MOTION UNDER S.O. 43

Mr. Colin D. Gibson (Hamilton-Wentworth): Mr. Speaker, I rise under Standing Order 43 on a matter of urgent and compelling necessity. It involves the recent development of a water recycling system undertaken by Central Mortgage and Housing Corporation and the Ontario Research Foundation which will make the probability of the saving of enormous costs for municipalities across Canada a distinct reality in a very short period of time. I urge and recommend that the Minister of State for Urban Affairs take steps to confer with municipal authorities, with the objective—

Mr. Speaker: Order, please. The hon. member knows that he must indicate what the motion is. The hon. member is now urging the minister to do something or other; that, of course, has nothing to do with the spirit of the motion. The hon. member should indicate the urgency of the motion and then propose the motion.

Mr. Gibson: Mr. Speaker, the urgency is that throughout Canada there are many pipeline sewage disposal plants being constructed, and if a conference could be arranged with municipal authorities there would be a saving of millions of dollars of taxpayers' money. I believe—

Mr. Speaker: Order, please.

The Chair, of course, cannot disagree with the hon. member's suggestion. All I am doing now is to invite him to put his motion.

Mr. Gibson: Mr. Speaker, I would move, seconded by the hon. member beside me—

Mr. MacInnis: Who is he?

Some hon. Members: Oh, oh!

Mr. Gibson: Mr. Speaker, the Tories are not interested in saving millions of dollars in taxes.

I would move:

That an appropriate committee of this House be instructed to discuss how communications could be made to municipal authorities for saving millions of dollars of taxes through the use of a new invention that has been researched by the federal government.

Mr. Speaker: Order, please. Has the hon. member a copy of the motion? The hon. member appears to be on weak ground. There is no seconder and no motion.

Mr. Alexander: On a point of order, Mr. Speaker, I would take great pleasure in seconding the motion proposed by the hon. member.

Some hon. Members: Hear, hear!

Mr. Speaker: I wonder whether the hon. member for Hamilton West has the motion? Perhaps the matter might be reconsidered at a more appropriate time.

[Mr. Stanbury.]

ORAL QUESTION PERIOD

[*Translation*]

PUBLIC ORDER

SITUATION IN QUEBEC—ALLEGED STATEMENT BY PRIME MINISTER RESPECTING ATTITUDE OF VOTERS IN CASE OF FEDERAL ELECTION

Hon. Martial Asselin (Charlevoix): Mr. Speaker, I should like to put a question to the Right Hon. Prime Minister.

The Prime Minister of Canada was reported today by the press as having stated that the present unrest in Quebec would prompt Quebecers to vote for his party not only because the Liberal party represents a strong government but also because the Quebec government is weak. Obviously, I should like to ask the Prime Minister whether he can clarify that statement, and also whether he intends to make an election issue out of that important question, namely the unrest in Quebec.

Can the Prime Minister throw light on the statement reported in the press?

Right Hon. P. E. Trudeau (Prime Minister): Certainly, Mr. Speaker.

I have been warned that such was actually the interpretation put on my remarks. I should like hon. members who might be interested to read the actual text of my interview. I have it here but I will not quote from it. I can however reply to the hon. member's question by saying the matter was discussed within the context of difficulties our government might encounter, for instance, if holding an election several months from now, let us suppose in the fall, if the disturbances, and what the reporter called a semi-revolution or semi-disturbance, were to continue for several months, his actual words being "If this Quebec problem continues over the month".

My reply was that such a situation would not prevent us from holding an election in Quebec.

I was replying about a hypothetical case. However, I am very happy, Mr. Speaker, to be able to say that in my opinion that supposition is not materializing. The interview took place several days ago and the developments of the past few days indicate that, on the contrary, the Quebec government has shown considerable control of the situation and is indeed a strong government.

The supposition is therefore not materializing.

Hon. Martial Asselin (Charlevoix): I should like to put a supplementary question, Mr. Speaker.

Since the Prime Minister has obviously clarified his statement by saying that the Quebec government is strong, I would like to know, following the creation of a security group by the Solicitor General to investigate social troubles in Canada, whether any security group has reported to the cabinet the true reasons for the troubles in Quebec, and whether the Prime Minister intends to cooperate with the premier of Quebec in order to restore the situation in Quebec?

Mr. Trudeau: Mr. Speaker, I think that the hon. member is mistaken when he speaks of the role of what he calls "a security group". The RCMP operates in Quebec as in other provinces, as a federal police force, under certain circumstances. There is no other security force, to use the hon. member's words, than that one, which operates in all provinces.

As for a report to the cabinet referred to by the hon. member, there has never been any; there has certainly not been any since the recent developments. I am not speaking about October 1970, of course.

As for the question asking whether we want to co-operate with the Quebec government, the answer is yes, of course. I also stated in the interview mentioned by the hon. member that there was no question of having the same type of co-operation as then. In October 1970, the Quebec government and the city of Montreal had asked for the help of the armed forces. I made it clear that there was now no similar request, nor any discussion on the matter. This confirms what I said in my first answer, that Premier Bourassa acted with firmness and stability in the circumstances, and that the country is grateful to him.

• (1420)

[*English*]

Mr. G. W. Baldwin (Peace River): Will the Prime Minister undertake to make a statement in the House on Tuesday next that there will be a summit conference between himself and the Prime Minister of Quebec on restoring amicable arrangements?

Mr. Speaker: Order, please. Obviously the question is at least procedurally questionable.

* * *

TRADE

UNITED STATES DISC PROGRAM—REQUEST FOR LIST OF AMERICAN COMPANIES MAKING USE THEREOF

Mr. David Lewis (York South): Mr. Speaker, in the absence of the Minister of Industry, Trade and Commerce, who was scheduled to be here but who I am sure is away for a good reason, may I ask either the Prime Minister or the Secretary of State for External Affairs, whichever one may be able to deal with the matter, whether it is possible for the government now to inform parliament with respect to the names of the 1,500 or so United States corporations which are using the DISC program or have registered for the DISC program?

Mr. Bruce Howard (Parliamentary Secretary to Minister of Industry, Trade and Commerce): The Minister of Industry, Trade and Commerce is meeting today with a delegation of Russian officials who are here in Canada and he therefore cannot be in the House. The list of companies which have applied for DISC registration in the United States is not yet available for public scrutiny. Therefore we have not been able to obtain a copy of it.

CANADA-UNITED STATES—DATE FOR RESUMPTION OF DISCUSSIONS

Mr. David Lewis (York South): May I ask the Parliamentary Secretary to the Minister of Industry, Trade and Commerce, or any minister, the following question. In view of a report that Assistant Deputy Minister of Finance Grey has stated that decisions in Washington are likely to determine the access of Canadian exports to foreign markets for the next decade, can we be informed, in light of this serious statement by a senior government official, whether trade negotiations between Canada and the United States have been recommenced and, if not, whether a date has been set for these negotiations to start?

Mr. Bruce Howard (Parliamentary Secretary to Minister of Industry, Trade and Commerce): Some changes have taken place in the official structure in the United States within the last few days, as the hon. member will be aware. It does not therefore seem prudent to be commencing official negotiations at this time.

REPORTED INVESTIGATIONS BY UNITED STATES INTO CERTAIN IMPORTS FROM CANADA—SOURCE OF INITIATIVE

Mr. David Lewis (York South): I appreciate that perhaps the parliamentary secretary is at some disadvantage, but there is another question which he might answer or take as notice. It arises out of a report that investigations have been initiated in Washington into a number of Canadian imports such as aluminum, potato granules and sulphur as well as tires from the Michelin company in Nova Scotia. Arising out of this report, can the parliamentary secretary inform the House whether the department is aware of these initiatives to investigate these products and, if so, whether the initiative came from some government department in Washington or from private companies that are being hurt by our exports; and what is the purpose of the investigation?

Mr. Bruce Howard (Parliamentary Secretary to Minister of Industry, Trade and Commerce): The products mentioned by the leader of the New Democratic Party are dealt with in different ways. If we take aluminum as an example, there has been a request for anti-dumping duties to be applied. This request came from a private company in the United States. The government of the United States is under an obligation to investigate and to respond to the charge. So it is not an action that has been invoked by the government itself.

The position of the United States government regarding the Michelin Tire Company would be entirely different, because it would involve countervailing duties that they might consider applicable against the Michelin company, which would be an action taken by the United States government. But there is no indication—

Mr. Speaker: Order, please. It seems to me that we are going a little far afield at this point. I see three members who are seeking to ask supplementaries. I will recognize one hon. member and then the hon. member for Témiscamingue, and return to the supplementaries later. The hon. member for Nanaimo-Cowichan-The Islands.

Inquiries of the Ministry

CANADA-UNITED STATES—REASON FOR DELAY IN RESUMING DISCUSSIONS

Mr. T. C. Douglas (Nanaimo-Cowichan-The Islands): Mr. Speaker, my supplementary is to the Prime Minister. Since he and President Nixon agreed to arrange discussions on trade between their respective ministers, what is the reason for the delay in holding these discussions? Is it due to reluctance on the part of the United States government, or is the Canadian government itself deliberately withholding any discussions at this time?

Right Hon. P. E. Trudeau (Prime Minister): No, Mr. Speaker, we are not deliberately delaying, to use the words of the hon. member. We have done what we undertook to do; we have reviewed our position. We are looking at various modifications that we might find desirable, and we are prepared to meet with the United States officials at any time they judge convenient for them after they have done the same thing.

Mr. Douglas: Mr. Speaker, may I put a further supplementary question to the Prime Minister. Is the delay due in any way to the fact that the Canadian government is prepared to make some very serious concessions respecting the auto pact but is waiting till after the election before making these concessions?

Mr. Speaker: Order, please. The question is not acceptable procedurally.

* * *

[*Translation*]

MANPOWER

CLOSING OF CIP PLANT, TEMISCAMING—REIMBURSEMENT WITH INTEREST OF CONTRIBUTIONS MADE BY EMPLOYEES TO THE PENSION FUND

Mr. Réal Caouette (Témiscamingue): Mr. Speaker, I direct my question to the hon. Minister of Justice or rather to the hon. Minister of Finance. One of my colleagues says there is no justice there.

Mr. Speaker, I believe my question concerns many federal representatives. It arises from the closing of the Canadian International Paper plant in Temiscaming on May 31. The employees contributed for a number of years to a pension plan to draw a pension when they reached the age of 65. Now they are asking the company to reimburse the amounts paid under the pension plan, along with the interest, since they will be laid off on May 31.

Since I am told that insurance and trust companies in Montreal have these amounts, can the Minister tell us whether he intends to take any action so that the CIP employees may get these amounts since they will no longer be working for the company?

Hon. John N. Turner (Minister of Finance): Mr. Speaker, I am not sure that this comes under my jurisdiction but in any case, I will consider the representations made by the hon. member and I will give him an answer.

[Mr. Speaker.]

[*English*]

POSITION OF TALKS ON POSSIBLE PURCHASE BY EMPLOYEES OF PART OF SOUTH TIMISKAMING CIP MILL

Mr. Arnold Peters (Timiskaming): Mr. Speaker, I have a supplementary question for the Minister of Regional Economic Expansion. Have the talks that the minister has held with the workers at the South Timiskaming CIP mill in terms of their purchasing part of that operation with assistance from the minister's department been finalized, or are they still continuing?

Hon. Jean Marchand (Minister of Regional Economic Expansion): Mr. Speaker, I am not aware of the stage the talks have reached now but I will inquire of my department. I do not think they went very far.

* * *

• (1430)

TRADE

CANADA-UNITED STATES—REASON FOR DELAY IN RESUMING DISCUSSIONS

Mr. H. W. Danforth (Kent-Essex): Mr. Speaker, in view of the absence of the Minister of Industry, Trade and Commerce, perhaps I might direct my question to the Secretary of State for External Affairs. Since there appears now to be a serious reduction in our balance of trade internationally, with a resulting increase in the importance of our trade relations with the United States, I should like to know whether the delay in the negotiations has been caused by the swiftly changing pattern in the United States making it necessary for a more complicated and in-depth submission on the part of Canadian officials?

Hon. Mitchell Sharp (Secretary of State for External Affairs): No, Mr. Speaker, I am not aware of any change in the underlying circumstances except, of course, the change in respect of the Secretary of the Treasury.

Mr. Danforth: I have a supplementary question which I think is within the purview of the minister to answer. Because of the major importance of these negotiations to Canada and the necessity for early and favourable progress, can the minister indicate whether the Minister of Industry, Trade and Commerce and his top departmental officials are engaged in direct negotiations with their counterparts in the United States, or are we still at the stage of lower level departmental communication?

Mr. Sharp: No, Mr. Speaker, the position is as expressed by the Prime Minister, namely, that both sides have been reviewing their positions with a view to resuming negotiations. We are ready to do so at any time but the time has not appeared opportune for the United States.

Mr. Speaker: Order, please. The Chair will recognize the hon. member for Calgary North and then return to the second question in respect of which there are supplementaries.

UNITED NATIONS

VOTE ON LEGALIZING POSSESSION AND USE OF MARIJUANA—REASON FOR ALLEGED CANADIAN ABSTENTION

Mr. Eldon M. Woolliams (Calgary North): Mr. Speaker, I should like to ask the Secretary of State for External Affairs whether a vote was taken yesterday or recently in the United Nations on the legalization of possession and use of marijuana, and if a vote was taken in the economic committee of the United Nations why did Canada abstain from voting?

Hon. Mitchell Sharp (Secretary of State for External Affairs): Mr. Speaker, I will have to ascertain whether those are the facts. I will take notice of the question.

Mr. Woolliams: When the minister is checking into the matter, will he ascertain whether all other nations voted against it while Canada abstained?

* * *

TRADE

UNITED STATES DISC PROGRAM—POSSIBLE VIOLATION OF CANADIAN CORPORATE BEHAVIOUR GUIDELINES AND EXTENSION OF POLICY

Mr. Max Saltsman (Waterloo): Mr. Speaker, I should like to ask a supplementary question of the Parliamentary Secretary to the Minister of Industry, Trade and Commerce having regard to those corporations which have made applications under DISC. Has the situation been looked at in an attempt to determine whether these corporations have violated the good corporate behaviour guidelines laid down by that department, and is it intended to extend this policy whenever it is discovered that corporations are making applications under DISC?

Mr. Bruce Howard (Parliamentary Secretary to Minister of Industry, Trade and Commerce): Mr. Speaker, where we are aware of companies that have taken out DISC corporation status in the United States we have had discussions with some of them. I cite, for example, the automobile companies with which we have had discussions during the last two or three weeks. In so far as other companies are concerned, we are attempting to gather as much information as is possible under the circumstances and we are reviewing what action we can take in that regard. I would draw the hon. member's attention to the changes made in the budget which will make it possible for Canadian corporations to deal more effectively on a competitive basis with the DISC corporations in the United States.

Mr. Saltsman: Mr. Speaker, since so much of government policy is going to hinge on knowing which corporations have made applications for DISCs, can we get a firm answer from the parliamentary secretary on whether the corporate guidelines are going to include those corporations that have made such applications?

Mr. Howard (Okanagan Boundary): Mr. Speaker, I would have to take notice of that question.

CANADA-UNITED STATES AUTO PACT—REQUEST FOR ASSURANCE THAT SAFEGUARDS WILL NOT BE ABANDONED

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, I should like to direct a supplementary question to the Prime Minister. In view of the fact it is reported this morning in the business section of the *Globe and Mail* that the Under Secretary of the United States, Mr. Paul A. Volcker, has intimated that the United States government has not reviewed its trade proposals and does not intend to until after the forthcoming federal election in Canada, and in view of the claim there has been a deal made between the Prime Minister of this country and the President of the United States to give up the safeguards in the auto pact after the federal election, will the Prime Minister assure the House that, whatever else happens in respect of the auto pact negotiations, these production safeguards will not be abandoned after the next election?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I thank the hon. member for assuming that we will be here as a strong government after the next election.

Some hon. Members: Oh, oh!

An hon. Member: That is a rhetorical suggestion.

Mr. Trudeau: I was, of course, referring to the hon. member of the NDP, but I know the Conservatives are nervous about this, Mr. Speaker.

Some hon. Members: Oh, oh!

An hon. Member: Call it now.

Mr. Trudeau: But I do take exception to the implications or innuendoes in the question as asked. It seems to me that the facts as recited by the hon. member, which he says he got from the *Globe and Mail,* rather give the lie to the question asked by the former leader of the NDP when he assumed that we were dragging our feet. I wish the two members would get together.

Some hon. Members: Oh, oh!

Mr. Speaker: Order, please. The Chair will recognize the hon. member for a last supplementary. We do have to get on as we are still on the first round of questioning.

Mr. Broadbent: Mr. Speaker, I rise on a point of order. I directed the question to the right hon. member for Mount Royal asking for his guarantee because I knew I need not ask for that from the hon. member for York South.

Some hon. Members: Oh, oh!

Mr. G. W. Baldwin (Peace River): Mr. Speaker, perhaps I could ask a supplementary question to settle this matter. Will the Prime Minister make a statement in the House today or tomorrow on the question of the date of the general election?

Mr. Trudeau: Is this an urgent question of national interest, Mr. Speaker?

Some hon. Members: Oh, oh!

Inquiries of the Ministry

AIRPORTS

PICKERING TOWNSHIP SITE—DATE OF PUBLICATION OF OFFICIAL NOTICES OF LAND EXPROPRIATIONS

Mr. Norman A. Cafik (Ontario): Mr. Speaker, I have a question for the Minister of Public Works. Is he in a position to indicate to the House the date of the gazetteing of notices of expropriation respecting the acquisition of land for the proposed airport at Pickering?

Hon. Jean-Eudes Dubé (Minister of Public Works): Mr. Speaker, there are about 500 titles involved and at least 500 interested parties who have to be notified before we are able to do so. I should think this could not be done before early August.

[*Translation*]

Mr. Asselin: Mr. Speaker, I rise on a point of order.

Mr. Speaker: The hon. member for Charlevoix on a point of order.

Mr. Asselin: Mr. Speaker, my colleague, the hon. member for Peace River has put a question to the Prime Minister regarding the election date. The Prime Minister has replied too fast and we were unable to understand him. Could he repeat his answer to the hon. member for Peace River?

Mr. Speaker: Order. I was under the impression that the right hon. Prime Minister had announced the election date.

* * *

[*English*]

ENERGY

ALBERTA INDUSTRY—GOVERNMENT CONFERENCE ON FEASIBILITY OF MACKENZIE VALLEY CORRIDOR—DISCUSSIONS BETWEEN FEDERAL AND PROVINCIAL GOVERNMENTS

Mr. R. N. Thompson (Red Deer): Mr. Speaker, my question is directed to the right hon. Prime Minister. In view of the plans of the government of Alberta to call a joint industry-government conference regarding a study of the feasibility aspects of an energy corridor down the Mackenzie River Valley, will the Prime Minister inform the House whether his government is in liaison with the Alberta government in this regard and, if not, is the federal government going to make known its own findings at that time?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I have not personally been in contact with the Premier of Alberta on this matter and cannot say whether there have been discussions or otherwise between some members of this government and the premier. I will look into the matter and perhaps be able to help the hon. member.

• (1440)

[Mr. Trudeau.]

INDIAN AFFAIRS

NORTHWEST TERRITORIES—INQUIRY AS TO CASH OFFER TO SETTLE ABORIGINAL RIGHTS

Mr. Erik Nielsen (Yukon): Mr. Speaker, I have a question for the Minister of Indian Affairs and Northern Development. Are he and his department now considering the making of a specific offer to the Native Brotherhood of the Northwest Territories in return for the extinguishment of treaties 8 and II with regard to their land rights?

[*Translation*]

Hon. Jean Chrétien (Minister of Indian Affairs and Northern Development): Mr. Speaker, the government's position in that respect is well known. We are prepared to abide by the treaties and we have offered two options to the Indians: either their lands or a compensation. They have not made any choice.

[*English*]

Mr. Nielsen: Mr. Speaker, I have a supplementary for the Minister of Indian Affairs and Northern Development. Would he mind informing the House frankly whether the department has now under consideration a specific offer to the brotherhood with regard to extinguishing treaties 8 and 11 with respect to their land rights?

Mr. Speaker: Order, please. The Chair has reservations regarding a question in those terms. I do not think an hon. member has the right to ask a question in the words used by the hon. member. I think that is argumentative. But the question has been asked and the minister might be allowed to reply.

[*Translation*]

Mr. Chrétien: Mr. Speaker, I have already said that the government's position in this matter was well known. I have no comment to make on the hon. member's question.

JAMES BAY HYDROELECTRIC PROJECT—RIGHTS OF NATIVE PEOPLE

Mr. Réal Caouette (Témiscamingue): Mr. Speaker, I should like to put a supplementary question to the Minister of Indian Affairs and Northern Development.

Have the offers made to Indians and Eskimos of the Northwest Territories been made also to the Indians of northern Quebec, to those of the James Bay area?

Hon. Jean Chrétien (Minister of Indian Affairs and Northern Development): Mr. Speaker, the two situations are not similar, because in the Northwest Territories land control comes directly under the federal government while in the James Bay area it comes under the jurisdiction of the province of Quebec government. However, the principles are the same.

[*English*]

SETTLEMENT OF CLAIMS RESPECTING TREATY NO. 7

Mr. J. H. Horner (Crowfoot): Mr. Speaker, I should like to direct my supplementary to the Minister of Indian Affairs and Northern Development. Can he give the House and the country the decision with regard to treaty No. 7 and

the Indians' claims for their ammunition money for the past 97 years?

[*Translation*]

Hon. Jean Chrétien (Minister of Indian Affairs and Northern Development): Mr. Speaker, we got a recommendation from commissioner Barber to that effect. We are considering this recommendation and we will inform the House when a decision has been taken.

[*English*]

REQUEST FOR TABLING OF STANBURY-FIELDS REPORT

Mr. Thomas S. Barnett (Comox-Alberni): Mr. Speaker, I have a question for the Minister of Indian Affairs and Northern Development on another matter.

Mr. Woolliams: Mr. Speaker—

Mr. Speaker: Order, please. The Chair has recognized the hon. member for Comox-Alberni and will return to a supplementary by the hon. member for Calgary North in a moment.

Mr. Barnett: Mr. Speaker, my question for the minister concerns the request for tabling of the Stanbury-Fields report and the response of the parliamentary secretary during the adjournment debate on May 1 when he said in effect that the federal government would have tabled the report if it could have secured the concurrence of the government of British Columbia. Later a public statement by the British Columbia Minister of Municipal Affairs was reported in which he denied the allegation that the report was being kept confidential because the British Columbia government had not assented to its being made public. Would the minister recheck the information on which the statement of the parliamentary secretary was based? Alternatively, would he inquire whether the British Columbia government has changed its original position on this matter?

[*Translation*]

Hon. Jean Chrétien (Minister of Indians Affairs and Northern Development): Mr. Speaker, I am not aware that the government of British Columbia has changed its position on that subject. If it has, however, and is ready to allow us to table the report, we will be glad to do so.

* * *

[*English*]

ENERGY

POSSIBILITY OF SUGGESTED MACKENZIE VALLEY CORRIDOR FOLLOWING PROPOSED HIGHWAY ROUTE—INQUIRY AS TO DISCUSSIONS

Mr. Eldon M. Woolliams (Calgary North): Mr. Speaker, having regard to the original question about an energy corridor down the Mackenzie Valley and the Prime Minister's announcement of a new highway to the north, may I ask him whether there have been any discussions or negotiations with regard to having the energy corridor follow that highway down through Alberta to bring energy supplies from the north to the industrial centers of Canada and elsewhere?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, when the member asks whether there were any discussions I am not sure with whom he means the discussions might have taken place. There were, of course, discussions within the federal government and cabinet, and the purport of my decision was to indicate that we would be planning the road and the Minister of Indian Affairs and Northern Development has already said that surveys are proceeding along that basis. The intention would be to have a road which preferably could be the core of such an energy corridor down the Mackenzie Valley.

* * *

INDIAN AFFAIRS

PROVISION OF FUNDS TO UNION OF NOVA SCOTIA INDIANS RESPECTING HUMAN RIGHTS PROPOSAL

Mr. Robert Muir (Cape Breton-The Sydneys): Mr. Speaker, my question is for the Secretary of State. Would the Secretary of State be good enough to investigate the claim of the President of the Union of Nova Scotia Indians that moneys approved in principle by the minister's officials for the human rights proposal submitted by the union have been held up and no explanation given? Would the minister be good enough to use his good offices to expedite the matter as soon as possible?

[*Translation*]

Hon. Gérard Pelletier (Secretary of State): Mr. Speaker, I do not know what the hon. member is talking about. I shall inquire and I am confident that everything relating to grants to Indian associations is considered by the government very quickly.

* * *

[*English*]

AGRICULTURE

PROGRAM TO CONTROL SWAMP FEVER IN HORSES—AMOUNT OF COMPENSATION

Mr. Maurice Foster (Algoma): Mr. Speaker, my question is for the Minister of Agriculture. Can the minister say whether the program for control of swamp fever in horses will be compulsory, and what compensation will be paid for infected animals?

Hon. H. A. Olson (Minister of Agriculture): Mr. Speaker, the requirement to have horses subjected to a test or indeed to be slaughtered should they show positive results from the test is not compulsory. There will be compulsory quarantine if a horse should have a positive reaction to the test. There will be a compensation program effective as of yesterday, and the details of the amounts will be announced shortly.

Mr. Foster: Would the minister consider making the compensation for these animals retroactive to January 1, 1971?

Mr. Speaker: Of course, that is a representation. The hon. member for Edmonton East.

Inquiries of the Ministry

IMMIGRATION ACT

REQUEST FOR INFORMATION ON PROPOSED CHANGES AND EFFECT ON APPEAL BACKLOG

Mr. William Skoreyko (Edmonton East): Mr. Speaker, in view of press statements in recent days regarding proposed changes to the Immigration Act, would the minister inform the House what those changes are and whether in any way they will affect the backlog of cases before the Immigration appeal Board?

Hon. Bryce Mackasey (Minister of Manpower and Immigration): Mr. Speaker, the changes to the act are very comprehensive and too detailed to explain to the House now. Certainly they will have a position effect on reducing the causes that led to this backlog in appeals. In other words, when the new act is before us in the fall it will have a positive effect in this area.

SUGGESTED PLACING OF IMMIGRATION UNDER SEPARATE MINISTRY

Mr. Steven E. Paproski (Edmonton Centre): Mr. Speaker, my supplementary is directed to the Prime Minister. In view of the present confusion in the department in regard to Immigration, is the government considering separating immigration from manpower and placing it under a full-time ministry?

Mr. Speaker: Order, please. The hon. member, I am sure, appreciates that a question asked in those terms is not in order. The second part of the question might be in order, but I see no point in allowing a question to be asked in those terms. the hon. member might like to rephrase the question.

Mr. Paproski: Mr. Speaker, my supplementary to the Prime Minister is this: Is the government considering separating immigration from manpower and placing it under a full-time ministry?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, at this time we are not contemplating any new administrative arrangement concerning that department.

* * *

CRIMINAL CODE

ABORTION—INQUIRY AS TO LEGISLATION TO PROTECT NURSES AND OTHER HOSPITAL EMPLOYEES NOT WISHING TO PARTICIPATE IN OPERATIONS

Mr. John Burton (Regina East): Mr. Speaker, I should like to direct a question to the Minister of Justice. In view of the difficulty experienced by some nurses and other hospital employees who do not wish to participate in performing abortions, can the minister inform the House whether he intends to introduce any legislation that would adequately protect the position of such employees?

• (1450)

Hon. Otto E. Lang (Minister of Justice): Mr. Speaker, there is no present intention to introduce any changes in the law. The relationships of nurses to hospitals and their general employment relationships would, of course, ordinarily fall within provincial jurisdiction.

Mr. Burton: Mr. Speaker, inasmuch as this does involve federal law, could the minister indicate if his department is considering legislation on the matter?

Mr. Lang: Mr. Speaker, as I have indicated, the problem to which the hon. member has specifically referred is rather more within provincial jurisdiction than within ours. I am not sure any of his colleagues would go along with him in trying to solve the problem through the federal field.

* * *

AGRICULTURE

POTATOES—EXTENSION OF DIVERSION PROGRAM—ADEQUACY TO STRENGTHEN MARKET

Hon. J. A. MacLean (Malpeque): Mr. Speaker, I wish to direct a question to the Minister of Agriculture with regard to the welcome announcement he made recently that the diversion program for potatoes in New Brunswick was being extended. Is it estimated that this extension will meet the requests of the five potato organizations which forwarded their representations to him recently through the Minister of Agriculture of Prince Edward Island to an extent that will strengthen the market?

Hon. H. A. Olson (Minister of Agriculture): Mr. Speaker, this action has already had some influence in strengthening the market in the days since the extension was announced. At this point we cannot say precisely how much diversion will take place, but certainly it will be up to the maximum capability of the starch plants to receive and process potatoes for the time involved.

* * *

EXTERNAL AFFAIRS

VIET NAM WAR—REQUEST FOR INFORMATION ON EVACUATION OF CANADIANS FROM NORTH VIET NAM AND ACTIVITIES OF INTERNATIONAL CONTROL COMMISSION

Mr. Heath Macquarrie (Hillsborough): Mr. Speaker, I wish to direct a question to the Secretary of State for External Affairs. Can he now advise if he has any information on the evacuation of any Canadian nationals from North Viet Nam since the escalation of the war, and also can he advise if personnel of the ICC in the area are performing any duties or functions, or if in fact there are any personnel in the area?

Hon. Mitchell Sharp (Secretary of State for External Affairs): Mr. Speaker, I had better make inquiries before I answer that question in order to make sure that my information is fully up to date.

GRAIN

CLOSURE OF ELEVATORS FOLLOWING ACQUISITION OF FEDERAL GRAIN BY MANITOBA POOL—ACTION TO PROTECT FARMERS

Mr. Robert Simpson (Churchill): Mr. Speaker, I have a question for the Minister of Justice in his capacity as the minister responsible for the Wheat Board. With reference to the takeover by Manitoba Pool Elevators of the line elevator system of Federal Grain and the consequent announcement of closure of elevators which is causing great hardship for many farmers, can the minister say whether the Wheat Board is looking into these closures with a view to protection of the farmers concerned?

Hon. Otto E. Lang (Minister of Justice): Mr. Speaker, I have not had specific closures brought to my attention. These, of course, are ordinarily undertaken by the elevator company concerned on its own examination of the financial situation and presumably with the best interests of the farmers in mind.

Mr. Speaker: Order, please. I have to bring to the attention of hon. members that there are only three or four minutes left before the end of the question period, and even that may be stretching the time a little bit. I note that the hon. member for Churchill has a supplementary and he will be recognized for that purpose, but it should be brief.

Mr. Simpson: Is the minister saying that he has not had representations to have the Wheat Board look into the situation caused by these closures?

Mr. Lang: Mr. Speaker, I said that none had been directed to my attention.

* * *

BROADCASTING

PROGRAM, "SESAME STREET"—REQUEST FOR RECONSIDERATION IN TERMS OF CANADIAN CONTENT

Mr. Arnold Peters (Timiskaming): Mr. Speaker, I wish to direct a question to the Secretary of State. In view of the fact that television stations are now announcing that "Sesame Street" will not be carried on most of the stations concerned this year because there has been a change in its designation from a neutral position to an American position in terms of Canadian content, in light of its educational value would the minister give consideration to having this program re-established in its neutral position with regard to Canadian content?

[*Translation*]

Hon. Gérard Pelletier (Secretary of State): I shall examine the matter, Mr. Speaker.

[*English*]

MANPOWER

REQUEST FOR CONSTRUCTION OF NEW CENTRE AT STONEY CREEK

Mr. Colin D. Gibson (Hamilton-Wentworth): Mr. Speaker, I wish to direct a question to the Minister of Manpower and Immigration. Because of the excessively crowded conditions in Stoney Creek manpower centre which is in very poor rented premises, could a new manpower centre be built there very shortly?

Mr. Speaker: Order. This is a representation.

* * *

HEALTH

INQUIRY AS TO PLANS TO INCREASE NUMBER OF FAMILY DOCTORS

Mr. P. B. Rynard (Simcoe North): Mr. Speaker, I wish to direct a question to the Minister of National Health and Welfare. In view of the overwhelming evidence given by people recently indicating the great need for family doctors, has the minister any plans for increasing the output of family doctors?

Hon. John C. Munro (Minister of National Health and Welfare): I am sorry, Mr. Speaker. There was some commotion and I did not fully hear the hon. member's question. Would he kindly repeat it?

Mr. Rynard: In view of indications by the people that their great need today is for more family doctors, what plans does he have to meet this need?

Mr. Speaker: Order, please. I have some doubts about a question so general in nature which has been asked a number of times in past weeks, but if the minister can reply in a few words he has just about ten seconds to do so.

Mr. Munro: Mr. Speaker, I would refer the hon. member to the very detailed answers I gave to the same question in recent weeks indicating that a great deal has been done.

Mr. Rynard: On a point of order, Mr. Speaker, this is not the question at all. A news release was issued about a week ago but it had nothing to do with the manpower situation.

* * *

CONSUMER AFFAIRS

SUGGESTED DISTRIBUTION OF BOOKLET DEALING WITH SUPERMARKET PRICING—REQUEST FOR INVESTIGATION OF ALLEGED CONTROL OF PRODUCTS FROM FARM TO SHELF

Mrs. Grace MacInnis (Vancouver-Kingsway): Mr. Speaker, I wish to direct a question to the Minister of Consumer and Corporate Affairs. Has his attention been drawn to the study by a professor of sociology at Simon Fraser University which finds that supermarket chains

are masters of the illusionary pricing technique, and often control products from farm to store shelf to the detriment of the consumer and, if so, would he consider making a grant available so that this booklet could be widely distributed across Canada?

Mr. Speaker: I suggest to the hon. member that a question such as this one should normally be put on the order paper. But the question has been asked and the minister might reply briefly because we have almost run out of time.

Hon. Robert K. Andras (Minister of Consumer and Corporate Affairs): Mr. Speaker, now that the hon. member's comment and the booklet have been brought to my attention, I will examine them with great interest.

Mrs. MacInnis: If, on examination, the minister does not want to do this, will he consider an investigation into the control by the supermarkets of products from farm to grocery shelf?

Mr. Speaker: Order, please. That is a hypothetical question or a representation.

Mrs. MacInnis: On a point of order, Mr. Speaker, this is not a representation. It is a question that I am asking. I am asking if the minister will conduct an investigation into the control by supermarket chains of products from farm to grocery shelf? There is a question mark at the end of that, Mr. Speaker.

Mr. Speaker: I suggest that my impression, gained over the years, is that all representations have a question mark at the end when they are made during the question period.

* * *

[*Translation*]

UNEMPLOYMENT INSURANCE

QUEBEC—DELAY IN PAYMENT OF BENEFITS—REQUEST FOR EXPLANATION

Mr. Roland Godin (Portneuf): Mr. Speaker, I have a question for the Minister of Manpower and Immigration.

Is he aware that many persons, unemployed for the past three months, have not yet received their unemployment insurance benefits? If so, would the minister advise us whether this delay is due to a lack of funds on the part of the commission or to the incompetence of the central office civil servants in Montreal?

[*English*]

Hon. Bryce Mackasey (Minister of Manpower and Immigration): Mr. Speaker, if there is any incompetence it is on the part of the hon. member in not bringing one specific case to my attention sooner so that I could have intervened personally.

[Mrs. MacInnis.]

CANADIAN BROADCASTING CORPORATION

DISPUTE WITH NABET—TELEGRAM FROM UNION REQUESTING MINISTER OF LABOUR TO REVIEW NEGOTIATIONS

Mr. Lincoln M. Alexander (Hamilton West): Mr. Speaker, I wish to direct a question to the Minister of Labour. Has he received a telegram from NABET requesting him to review the negotiation proceedings between that organization and the CBC and, if so, what was his answer?

Hon. Martin P. O'Connell (Minister of Labour): I have received that telegram, Mr. Speaker, and I am giving consideration to it.

Mr. Alexander: In view of the lengthy time that negotiations have been proceeding without having come to any conclusion, will the minister speed up his review so that his thoughts can be made known to the parties in the very near future— tomorrow, let us say?

Mr. Speaker: Again I suggest that this is a suggestion or representation. We have just about run out of time, but before calling orders of the day the Chair will recognize the hon. member for St. John's East for a last question.

* * *

CANADA LABOUR CODE

CONSTITUTIONALITY OF AMENDMENT DEFINING FISHERMEN AS INDEPENDENT CONTRACTORS—CONSULTATION WITH CERTAIN PROVINCES

Mr. James A. McGrath (St. John's East): Mr. Speaker, I wish to direct a question to the Minister of Labour. Has he consulted with the provinces of Nova Scotia, Newfoundland and British Columbia on the provisions of Bill C-183—I am thinking especially of clause 107(1)—has he also consulted with the fishermen and, if not, will he do so?

Hon. Martin P. O'Connell (Minister of Labour): Mr. Speaker, there have been very extensive consultations with the fishermen and the Fisheries Council. The standing committee is currently sitting and has heard both of those bodies. I am not in a position to answer this afternoon on whether or not there were consultations with the provinces.

• (1500)

Mr. Lincoln M. Alexander (Hamilton West): A supplementary question. Is the minister of the opinion now that there is dual jurisdiction with respect to fishermen and bargaining?

Mr. O'Connell: Mr. Speaker, I am not prepared to give a legal opinion on that question. We obviously took the position when we introduced the provisions in the bill that there was federal jurisdiction, and we intend to proceed on those grounds unless and until challenged.

Mr. Speaker: Orders of the day.

Mr. Nielsen: Mr. Speaker, I rise on a question of privilege.

Mr. Speaker: The hon. member for the Yukon is rising on a question of privilege.

Mr. Nielsen: My question of privilege involves an alteration to *Hansard*. On a previous occasion the Minister of Indian Affairs and Northern Development in reply to a question of mine deleted a whole word—either that or his officials did—entirely changing the senses of the answer. On page 2351 of *Hansard* for yesterday a word has been changed which completely alters the senses of what the minister said. On the previous occasion, his answer was in English and that might have been forgiven, but this time he spoke in French and distinctly used the French word "minorité" and it appears in *Hansard* today as "majority".

It may not have been the minister who altered *Hansard*; it could have been his executive assistant who often reads the blues. But in my view it is a breach of the privileges of members of the House to have this happen. The least the minister could do would be to instruct his helpers not to change the sense of his answers by such blatant alterations.

* * *

BUSINESS OF THE HOUSE

WEEKLY STATEMENT

Mr. Baldwin: Mr. Speaker, I should like to ask the government House Leader about the business for the rest of this week and for next week.

Mr. MacEachen: Mr. Speaker, when orders of the day are called we will continue with Bill C-207 which is under a House order that the debate shall end within an hour. Following that, we will take Bill C-208, the Veterans Act, Bill C-211, Election Expenses, Bill C-203, the Representation Commissioner Act, Bill C-7, the Explosives Act and Bill C-191, Wildlife. On Tuesday and Wednesday of next week, I should like to call the budget debate.

Mr. Baldwin: Mr. Speaker, in view of the fact, as has been noted by the Chair and by myself, that between now and the end of June there are only 12 days left for government parliamentary business, would the government House Leader give some indication as soon as he can which bills now on the order paper are, in the opinion of the government, of immediate priority so that he can continue to get the co-operation of the official opposition in advancing discussion of those measures?

Mr. MacEachen: Mr. Speaker, I appreciate the way in which Bill C-207 and Bill C-208 have been dealt with. If priority is required, I would at the moment indicate that Bill C-211 is a priority item, and the foreign takeovers bill would have a high priority as well as the Representation Commissioner bill. All the bills are quite important, but if I had to list them I would do it in that way at the moment.

Mr. Bell: Have you heard from the Senate lately?

GOVERNMENT ORDERS

OLD AGE SECURITY ACT

AMENDMENTS RESPECTING ESCALATION OF PENSIONS, RESIDENCE REQUIREMENTS, INCREASE IN GUARANTEED INCOME SUPPLEMENT

The House resumed from Wednesday, May 17, consideration the motion of Mr. Munro that Bill C-207, to amend the Old Age Security Act, be read the third time and do pass.

Mr. Gordon Ritchie (Dauphin): Mr. Speaker, in speaking on third reading of this bill dealing with the rise in the old age security pension of $2.88 to cover the cost of living increase, I might say that this indicates the government finally has seen the light and realizes the necessity, because of inflation, of guaranteeing some automatic pension increase to those people who are over 65 who are, in some cases, unable to work. In view of the rapid rate of inflation in recent years, it is only just that this be done. The increase in the guaranteed income supplement to $15 a month is also significant, and is certainly indicated for most people falling into this category.

This action of the government has been denounced in some quarters and it has been suggested by the Quebec government that it is unfair. According to the newspapers, the Premier of Quebec has accused the federal government of arrogance in failing to discuss the old age security pension increases with the provinces. Although the federal government has steadfastly assumed the right to make direct payments to Canadians, I am one who believes that more consultation should take place on the increase in old age pensions, particularly in the guaranteed income supplement area. Provincial governments, under the British North America Act, have had the responsibility for health, welfare and education thrust on them. At the time of Confederation these were minor areas of government responsibility, but they are much larger now.

The advent of shared cost programs has meant an uneven distribution of funds across Canada for various welfare and social programs, and the federal government has often been to blame for forcing the provinces to take on programs that they were not ready for, either administratively or financially. The payment of a universal old age pension to every Canadian regardless of where he lives and regardless of his financial situation, is one thing, but the attempt to give further assistance to those in need by means of the guaranteed income supplement seems to me not to be the best way of providing extra assistance to those who need it. I would regard it as a considerable intrusion into the affairs of the provinces. The most logical thing, it would seem to me, would be for the federal government to confine itself to direct payment on a universal basis to all Canadians, regardless of their financial status, with the provinces providing extra assistance for those who need it.

The old age security pension is, in effect, a type of insurance paid by the citizen through his years of service in the community whereas the guaranteed income supplement falls under the heading of social benefits made

necessary by his financial position. It seems to me that the guaranteed income supplement program should be phased out after suitable arrangements are made with the provinces, to take care of those in need. There are many needs which are not met by the guaranteed income supplement for those pensioners who must of necessity have further help from their provincial governments.

One of the weaknesses of the guaranteed income supplement Mr. Speaker, is that it is based on the dollar income of the pensioner, and it does not take into account any of the assets that a person may have. For instance, a person may have his own home but he will receive the same income as one who has the cost of rent and other expenses to meet. Indeed, a person may well leave assets such as cash in his current account in the bank, drawing no interest, and he could quite easily receive the full guaranteed income supplement. It is, therefore, a very imperfect way of assessing what extra income a person should receive over and above the old age pension.

There is one area that I would like to draw to the attention of the Minister of National Health and Welfare (Mr. Munro), whose department makes the assessment for guaranteed income supplement. It concerns the matter of annuities. At the moment, according to the ruling I have received, an annuity payable at so much a month, on the principal portion of which tax has been paid and represents savings, is considered full income.

I know of a specific case in which a person with a small amount of capital, about $12,000, was advised to buy an annuity on her 65th birthday which would have provided her with so many dollars a month. However, on investigation it turned out that this annuity would be wholly considered income in the calculation of the guaranteed income supplement, so she would lose heavily by taking the annuity. At the end of five years, she would have just as much left out of her capital as if she had invested in an annuity. This seems to be an administrative technicality that should be investigated. Where the tax has been paid on the principal portion of the annuity, that should be exempt from the calculation of income in the guaranteed income supplement. We might also learn that in many cases those who have saved through the Canada Pension Plan will find that their guaranteed income supplement has been reduced to the point where they are little better off than those who did not save toward an annuity or did not even contribute to the Canada Pension Plan.

With those comments, Mr. Speaker, I am in full agreement with the bill and hope it receives speedy passage.

[*Translation*]

Mr. André Ouellet (Parliamentary Secretary to Minister of National Health and Welfare): Mr. Speaker, I should like to say a few words on Bill C-207 to amend the Old Age Security Act.

My remarks shall be very brief and deal mainly with certain statements made in the course of this debate by members of the opposition. The other day, I heard the leader of the Social Credit party (Mr. Caouette) stating that it was thanks to his party that senior citizens obtained higher pensions.

An hon. Member: Hear, hear!

[Mr. Ritchie.]

Mr. Ouellet: The leader of the Social Credit party is a past master in the art of saying shocking things and I think it is proper, in this House, to state the facts.

In fact, the planned increased pensions are strictly in line with the tradition of the Liberal party which has always been the protector of those in their golden years. In 1908—

Mr. Réal Caouette (Témiscamingue): Mr. Speaker, may I put a question to the hon. parliamentary secretary?

Mr. Ouellet: Mr. Speaker, I shall be pleased to answer the questions of the hon. member when I have finished my speech.

Mr. Caouette: Mr. Speaker—

The Acting Speaker (Mr. Laniel): Is the hon. member for Témiscamingue rising on a point of order?

Mr. Caouette: Yes, Mr. Speaker. I should like to point out to the hon. member that, two years ago, when an increase in the old age pension was proposed to the House, he voted against it.

Mr. Ouellet: Mr. Speaker, I expect the hon. member could not stand to be contradicted. He mentioned, when he last spoke in the House, that he would like to pit himself against me in public debate. I told him he could invite me to his riding at any time and that I would gladly go and explain to the voters in Témiscamingue how the hon. member has been telling them half-truths for many years.

Mr. Speaker, in 1908, for the first time, a Canadian government, then headed by the right hon. Sir Wilfrid Laurier, tried to help elderly people by passing an act on annuities. That was long before the Ralliement Créditiste came into existence, and long before the hon. member for Témiscamingue came on the scene.

Second, in 1927, a Liberal government—and Creditistes had nothing to do with that either—introduced the Old Age Security Pension Act. It originally provided financial assistance of $20 a month to people aged 70 or over who passed the means test. At the time, the act was administered by the provinces, with the federal government sharing in the expenses to the extent of 50 per cent.

Subsequently, several amendments were brought to the act, to increase benefits and to alter provisions relative to the means test. It was however becoming obvious that this system for meeting the needs of elderly people could not be satisfactory to all. That is why in 1951, following an appropriate amendment to the constitution, the federal government, under the administration of the right hon. Louis St-Laurent, undertook, first to assume full responsibility for administration and financing of an old age security pension plan applying to all persons of age 70 or over.

Second, to pay half the costs of a provincial old age assistance scheme with a means test for persons aged from 65 to 69.

The monthly benefits payable under the terms of the act have changed through the years, Mr. Speaker, and it can be said that the legislation passed in favour of the elderly

over the past ten years under the administration of the right hon. Mr. Pearson and of the present Prime Minister (Mr. Trudeau) are unequalled in any country of the free world.

When the Liberals came back to power in 1963, the pension was $65 a month for persons aged 70 or more. Let us consider the progress achieved and this, without any help from Social Credit.

First, Mr. Speaker, we have increased the pension to $75, and afterward to $80 a month, for all pensioners.

The Acting Speaker (Mr. Laniel): Order. I would not wish to restrict the Parliamentary Secretary in his comments, but I wonder to what extent they have to do with the bill we are now considering. Sometimes, in similar circumstances, the Chair allows a lot of leeway to hon. members with regard to the subject-matter of the act to be amended, but, in the present case, as the debate is limited to one hour and as the Chair knows that many other hon. members would like to have the floor before the question is put, I would like the Parliamentary Secretary to come back as soon as possible to the bill under study.

Mr. Ouellet: Mr. Speaker, I said that I would be brief, but I feel that it is important, following the stupidities said in the House, especially by the Créditistes, to recall the facts and to show that the Liberal party has never hesitated to help the aged when the time had come for doing so.

As I said, Mr. Speaker, we established a new plan to grant a supplement to pensioners who have no other resources for their retirement.

This amount at first was $30; we increased it to $55 and now it will go up to $70 for single persons and $125 for couples. Thus, 550,000 pensioners will now receive $150 a month.

We have lowered the age of eligibility for old age security pensions from 70 to 65.

We have financed—this hon. members of the Social Credit party do not mention—through the Central Mortgage and Housing Corporation the building of thousands of homes and units for older Canadians.

We have also made sure that the major part of the burden of health preservation, an essential condition for happy retirement years, does not bear only on senior citizens, through the medicare and Canada assistance plans.

Mr. Speaker, we established the Canada Pension Plan and its equivalent in Quebec in order to guarantee a supplementary pension for Canadian workers—

The Acting Speaker (Mr. Laniel): Order, please. Once again, I have to interrupt the hon. parliamentary secretary. He could make this kind of speech during the debate on the budget or when the next session opens or at any other moment. He must understand that we are now considering a bill amending the Old Age Security Act and that this remarks should be limited to the bill before us and to its amendments.

Mr. Ouellet: Mr. Speaker, I would like to discuss some clauses of Bill C-207 which I consider extremely important.

We will be offering to Canadians additional protection by allowing them to deduct for income tax purposes, up to $2,500 a year, their contribution to a registered retirement plan.

We have also raised up to $1,000 the special exemption for income tax purposes granted to any person 65 years old or older and to any blind or disabled taxpayer. This means that nearly one third of the pensioners will not have to pay income tax, and that all the others will be paying much less.

Another important aspect of the measures we are recommending for the elderly is the recognition of the fact that reaching a certain age does not necessarily mean that a person is unable to make a useful contribution to our society. Several Canadians aged 65 and over have talents and skills which we want to develop, not only to give their lives some meaning, but also because we want to profit from the skills of these people. This is why we are going to launch the New Horizons program which will enable older people to fully participate in community life.

• (1520)

Mr. Speaker, as a conclusion on this very impressive achievement, I would like to say that, when the present government was elected in 1968, the annual maximum level of pensions was $1,285 for single persons and $2,570 for married couples. In 1971, these figures were upped to $1,620 and $3,060. Presently, in 1972, they are increased once more to $1,800 and $3,420. These are important and significant increases over a period of two years.

These payments, Mr. Speaker, can be favourably compared with others in any other country of the western world. Let's make a few comparisons together.

Mr. Caouette: Go and tell that to René Lévesque.

Mr. Ouellet: The maximum yearly amount paid in a country like Great Britain, for example, is $1,300 for a bachelor and $2,200 for a couple.

In the United States, these yearly amounts are $1,649 for a bachelor and $2,428 for a couple.

On the other hand, the maximum yearly amount paid in Scandinavian countries which are supposedly very progressive in the social field, is far lower than in Canada. Let us, for instance, take the case of Denmark where a bachelor draws $1,245 and a couple $1,868. Sweden is also far behind Canada in this respect. A bachelor in that country draws $1,200 and a couple $1,867.

I would like to suggest, Mr. Speaker, to those who are beset by constitutional qualms, as is the hon. member for Champlain (Mr. Matte), for example, who joined in the debate yesterday and whom I would qualify as a separatist in disguise, that the federal government is absolutely justified in helping Canada's pensioners and particularly those of Quebec.

There are now 422,000 Quebecers aged 65 years and over who draw the old age security pension. Of this number, 258,600 receive the guaranteed income supplement. During 1971-72, old age security pensions paid to Quebecers amounted to $400 million while the guaranteed income supplement was $146 million.

The proposed amendments mean that payments to Quebecers will increase by $67,300,000 in 1972-73. I fail to understand that some people are indignant that the federal government is trying to add $67,300,000 to the lot of Quebec's senior citizens.

Mr. Speaker, in concluding my comments, I would like to reply to certain objections raised by some hon. members of the Social Credit Party. They are wondering why the government has not extended the eligibility for the pension concurrently to both husband and wife.

Mr. Speaker, the government has carefully considered the question and found important difficulties, such that if the Social Crediters' proposal was implemented, it would be grossly unfair to widows, single women and unemployed people in the same age bracket. Allowing benefits to the very young wife of a pensioner would untowardly perturb social priorities. In fact, one could expect that women might provide for themselves when their husband's income is insufficient.

On the other hand, paying benefits to the pensioner's wife after 60 would mean discrimination against widows, single women and unemployed men in the same age group.

And, as I said, it would be extremely unfair to apply the proposals of the Social Credit.

The members of the Social Credit party have asked a second question: Why not provide for early and optional retirement at 60?

Such a measure conceivably might encourage the employer to compulsorily retire 60 year old people, even though they might wish to keep on working. Besides, our economy would then be deprived of their productivity, our welfare and health services laden with heavier burdens when they are already hard put to cope with all the problems of those who have prematurely retired.

Mr. Speaker, with the old age security pension set at $80 and the guaranteed income supplement at $55, we spend at present some $2,200 million. An early retirement such as the Créditiste party is advocating—supposing everybody was eligible in 1972 and we paid $200 per person—would mean a considerable increase and we do not feel we can afford the cost of such a system at present.

If, at 60, we granted only a pension based on financial means instead of a universal pension, it would cost at least an extra $265 million.

Mr. Speaker, I think it is important to observe that the efforts made by the government to help old age pensioners have been constant. All Liberal administrations have granted pension increases. We can thus say that the present government is most concerned with the fate of pensioners and has always wanted to introduce measures which took into account not only the needs of senior citizens but also the resources of taxpayers.

The suggestions made by Créditiste members during this debate show how irresponsible they are, and how unrealistic. A payment of $200 a month for every person aged 60 years and over would cost Canada a minimum of $5 billion for old age security pension alone, while our present budget is about $14 billion.

I would like, therefore, to conclude my remarks by saying that a responsible government should govern taking into consideration the needs of the whole community. This is why I hope that this bill, which is a most adequate and generous measure, will be approved by all parties without hesitation.

[*English*]

Mr. R. N. Thompson (Red Deer): Mr. Speaker, as I was listening to the remarks of our colleague on the other side of the House justifying this legislation, my memory went back four years to an election campaign that had as its key words "a just society". If there has ever been an injustice perpetrated upon the senior citizens of our country, it was the legislation brought in five years ago which limited the adjustment of the pension paid to our senior citizens to a 2 per cent rise in the cost of living. I do not understand the reasoning behind that kind of legislation. If inflation amounts to 5 per cent a year, why do we penalize our senior citizens? Why do we mock the very purpose of supplying a senior citizens' pension by limiting him to half or less than half of the increase in inflation?

Some hon. Members: hear, hear!

Mr. Thompson: All we are asking at this time is that we make this measure retroactive to January 1, 1967, when the guaranteed income supplement was introduced, and adjust the guaranteed income supplement to make it equal to the actual cost of living increase. We are not asking for anything more than that. That would be justice, Mr. Speaker.

The implementation of the correction of faults in our society to render justice should begin at this level of responsibility which affects the very lives of the people who have given their all to help make Canada what it is today. What this legislation should have done in the first instance was to make what is owing to our pensioners as a result of the increased cost of living retroactive, over and above the $80 basic pension and over and above the guaranteed income supplement, so that the pension would be equal to the actual cost of living. I think it is a disgrace.

• (1530)

I think that, regardless of how the Liberal government attempts to justify its position we have to wait until another election campaign to try to give these pensioners part of what we owe them. It is the old story of playing politics with our senior citizens, and then only to give them half of what they deserve, by making it retroactive only to the beginning of this year. That is simple justice. The government would have faced its responsibility by raising the basic pension to $100 a month and the guaranteed income supplement $15 a month, only if they intended to compensate for the cost of living rise during the last five months. Again, I do not understand why the government has not been able to see this.

There is another glaring injustice. It relates to the spouses of pensioners who have reached 65, and who have themselves not yet reached the age of 65 but who have passed their 60th birthdays. This suggestion relates very specifically to the needs of many widows across the country. However, it applies to all those whose husbands or wives have reached the age of 65 and find it difficult to

maintain an adequate income. Surely, we could at least have brought those past 60 into pension entitlement, provided the husband or the wife had reached the qualifying age of 65.

I am only underlining the inadequacy of this bill. I think, to sum up, that to correct this injustice, the government—and I do not see how government members on the other side can argue as they do—should have made this cost of living adjustment apply back to the date the legislation was first brought in and make it available to a spouse who is over 60 but not yet 65, and included that cost of living adjustment for those who are entitled to the guaranteed income supplement. This applies to all pensioners. There is no single group of Canadian people who are so adversely affected by the inflationary situation which concerns us as those we are attempting to deal with justly in this legislation. Anything short of this is injustice; anything short of this is irresponsible.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, I realize that when I took part in this debate on second reading on May 10 I announced the date of the forthcoming federal election as July 17. I did not realize that the Prime Minister (Mr. Trudeau) had now gone to Government House and got the actual dissolution. But listening to some of the speakers this afternoon, especially the speech of the hon. member for Papineau (Mr. Ouellet), I am beginning to wonder whether we are already on the hustings.

An hon. Member: Take your time.

Mr. Knowles (Winnipeg North Centre): An hon. member tells me to take my time. Well, there is only half an hour left in this debate. I do not intend to take all of it; I shall take only a few minutes, so that others who may wish to speak will have an opportunity to do so.

It is still my very strong view, Mr. Speaker, that the pensioners of Canada want the basic old age security pension raised to a figure of not less than $150 a month, and it is my view that they have the right to expect parliament to raise the basic pension to that amount. We feel, also, that along with a basic old age security pension of $150 a month there should be the kind of changes in the Income Tax Act which would take the money back from those in the upper income brackets. We insist that this is the way to do it. It is not conducive to a society of equals, it does not lessen our being a country of haves and have-nots, to continue a practice of applying a needs or income test before the rate of a person's pension is fixed. So we take our stand very strongly for $150 old age security pension with the necessary tax changes to make sure that the wealthy pay it back. We also feel there should be an escalation provision better than the new one which is provided in the bill before us. We welcome the one provided in Bill C-207, because it is better than the old one with its two per cent ceiling, but we still feel there should be an escalation provision which would make it possible for retired people not only to keep up with the rising cost of living but to share in the rising standard of living which they in their working years helped to make possible.

It is our view, despite the argument advanced a few minutes ago by the Parliamentary Secretary to the Minister of National Health and Welfare (Mr. Ouellet), that pensions under the Old Age Security Act and the Canada Pension Plan should be available at the age of 60 to all those who are prepared to leave the labour market or who are already out of the labour market. I hope it is clear that in the latter phrase I include wives of pensioners where wives are younger than the present pension age.

I agree with those who argue that some kind of provision should be made for spouses and this seems to fill the need, by making it possible for those who are a few years younger, to receive the pension if the breadwinner is also drawing the old age pension. The arguments which have been advanced against this today, and on previous occasions by the hon. member for Papineau and others, do not convince me. We think these are reasonable provisions which ought to be enacted. Some day we shall have to take these steps. We think they should be taken now.

As for this bill, Bill C-207, it does contain a few things that are good. There is nothing in it that is bad. The trouble is, there is so little in it that is good. All it does is provide for an escalation in relation to the rise in the cost of living. No account is taken of the gross national product or the rising standard of living, and it is calculated in relation to a basic pension which is already inadequate. If the hon. member for Papineau and others on that side of the House intend to take credit on the hustings for the principle of escalation, let them realize that they will be facing many old age pensioners to whom an escalation formula of this kind is no help because the basic pension itself is too low. That is what is wrong with this bill. It does not go far enough. As I say, it does provide something. It puts the escalation back on the basic $80, and it provides for an increase in the guaranteed income supplement both to single and to married couples. The bill is also drawn in such a way that perhaps for the first time in old age pension history, if my memory serves me correctly, payments are to be made retroactive.

• (1540)

Elections are wonderful, Mr. Speaker. Usually these increases do not come into effect until after two or three months have gone by, but with the prospect of an election on July 17, the bill has been drawn in such a way that there will be a six months retroactive increase in the cheques to be received by our pensioners at the the end of June. Nevertheless, even though on a former occasion I have called that what it is, if any money is going to get through to these people I think it should get through to them as soon as possible. This is why I regret that this House did not pass the bill yesterday, as I think we could have done and as I believe we should have done. I hope that any suggestion that the ladies and gentlemen of what is sometimes called the "other place" will hold up the bill is false.

In any event, I have indicated our position on the question of the old age pension, namely that we think it should be a basic pension of $150 a month, with the other provisions to which I have referred. By way of contrast, the position of the government, the Liberal party, is that it is good enough to have a basic pension of $80, escalated from the point, and to take care of those who need more by an income or needs test system. That is their position; they are prepared to go to the country on it and to ask the

people to give them credit for it. But I would suggest it does not meet the needs, indeed the rights, of our senior citizens and is not in line with progressive thinking in the whole field of human and social development.

I said a moment ago—and I am just about through; as I have said I do not want to take up an undue portion of the time that remains, which is very little—that I regret that we did not get the bill through yesterday so there would be no question about these increases being in the cheques of our pensioners at the end of June. I regret yesterday's performance for another reason, too. It is not often that we on this side of the House spar off against each other. The three parties on this side of the House usually present a common front against the government side. Be that as it may, I was quite disappointed yesterday that our friends of the Progressive Conservative party spent the whole afternoon presenting motions, amendments and arguments which led to one point only: they were trying to get a little more into the escalation clause. I give them credit for the fact that they got down to precise figures as to what they wanted. They wanted to get the basic pension up to around $90 a month by giving the pensioners the full cost of living increase back to the time when the pension was set at $75 a month. But that is all they contended for yesterday, $90 a month.

I say to my hon. friends of the Progressive Conservative party that if $90 a month is all they have to offer, as opposed to the $82.88 from the Liberals, then they might as well quit talking about pensions. The fact is that their leader, the Leader of the Official Opposition (Mr. Stanfield), has said publicly and categorically that if he is elected to power he will not go for a basic pension of $150 a month. So, despite the things that individual members of that party may say, that is now the position of the official opposition—one of opposition to a basic pension of $150 a month. I regard these attempts to make motions to raise the pension to $90 a month as an effort to cover up that basic inadequacy. It is a position pensioners cannot accept.

Well, Mr. Speaker, there it is. I have accused others of speaking as though they were on the hustings, and maybe that charge will be thrown back at me. But at this point I would suggest it is a good idea to make sure that the lines are clearly drawn. The Liberals are satisfied with a $80 pension, now raised to $82.88, with the income test as a means of providing additional money. The Conservatives are satisfied with a basic $80 pension provided it is escalated to around $90 to $95. My hon. friends of the Social Credit party can speak for themselves, and they have done so. Our position, and I believe it is the position of the senior citizens of this country and of most Canadians, is that the basic pension ought to be raised to $150 a month; that the income tax structure should be modified along the lines I have suggested; that the pension payable both under the Old Age Security Act and the Canada Pension Plan should be available at age 60; and that special steps, if necessary, should be taken so that spouses a few years younger—not the young brides to which reference was made a moment ago, but those a few years younger than the breadwinner—should be included in the pension. These are the steps that we think ought to be taken, and I regret that they are not in the bill. However, as far as the bill is concerned, the provisions it contains represent a move in the right direction, and we hope it will pass when this debate ends at 4.05 this afternoon.

[Mr. Knowles (Winnipeg North Centre).]

Mr. Ross Whicher (Bruce): Mr. Speaker, as always, I listened with enjoyment to the previous speaker. He very kindly stated what the position of the government was on this bill, and also took it upon himself to tell parliament and the country what the position of the Conservative party was. Then, he said that his position was that there should be a basic increase in the old age pension to $150 a month for the senior citizens of Canada.

What the hon. member did not do, Mr. Speaker, was to tell this parliament and the people of Canada where to get the $1,400 million that that increase would cost. I say that it is intellectually dishonest for any member of this House, even though he be a man of the calibre of the last speaker, a completely respected member of the House who has done much for parliament and this country, to stand up in the House and suggest that the Minister of Finance (Mr. Turner) should extract an additional $1,400 million in taxes, without spelling out that this is how the money would have to be raised.

It is all very well to tell the House, through you, Mr. Speaker, that he would adjust the income tax rate. I'll say it would be adjusted! It is so adjusted now that every member of this House admits he would like to lower taxes. The hon. member for Winnipeg North Centre (Mr. Knowles) would adjust it so high that the middle class people of this country, who are already over-taxed, simply could not stand the burden of the taxation that the hon. member suggested only a few minutes ago.

Mr. Knowles (Winnipeg North Centre): Not even out of a gross national product of $95 billion?

Mr. Whicher: This is wrong and it shows, in my opinion, a complete lack of responsibility. The hon. member comes from a party with 20 members, and there is every possibility that its membership will be reduced after the next election. Yet he stands up in his place, knowing perfectly well that his party will never come to power, and tells the members of this House and the people of Canada that a further $1,400 million in taxes should be raised. That is not the way I do business, Mr. Speaker. When I suggest that some money be raised, I spell out just where the money should be found. I have always said, and many other hon. members have said, including the hon. member who has just spoken, that taxes ought to be reduced. The hon. member wants them reduced when the budget debate is on, and he wants them increased when he wants more money for our pensioners.

Let me say this to the House: there is not one single member of this House, that I know of anyway, be he government member, member of the official opposition, a member of the NDP or the Créditistes, who does not want to give the senior citizens of this country every single nickel that the country can afford. The hon. member is not the only member of the House who knows that these are the people who made Canada great; of that we are sure. When I had the great honour of moving the adoption of the address in reply to the Throne Speech some months ago, I said that the senior citizens of Canada were treated better than anywhere else in the world, and that statement

still stands. The fact is that now they are being treated even better, and I say to you that I am proud to be a backbencher in a government that has done so much for the senior citizens of this country in the past four years.

• (1550)

May I remind you, Mr. Speaker, that it was only a few years ago when old age pensions in this country were $40 a month, payable at age 70. We find now that those people, who for some reason or another have not enough money at age 65 to support themselves, will receive $150 a month for a single person and $285 for a married couple. This is the result of the efforts of this government. Every member of this Parliament and every Canadian should hold his head high and say proudly that we have treated our senior citizens, who made Canada great, as well financially as this country can afford. We would like to do better but we are now doing better than anywhere else in the world.

When I say that this is the best pension scheme in the world, I should ask my hon. friends to remember what other countries have in the way of pension schemes. The United States, the wealthiest country in the world, does not have an old age pension scheme. Let us look at socialistic Sweden, and England which, as I have said before, has been drowning in socialism for many years. Let us consider the pensions those countries pay and compare them with the old age pension scheme of this country. OUr scheme has been created chiefly by this government and the Diefenbaker Conservative government. I suggest you get a good old age pension scheme as a result of having a free enterprise system in a country because then it can afford to pay great pensions such as we are paying at the present time.

I listened a few minutes ago to the hon. member for Red Deer (Mr. Thompson) castigate the government. I was somewhat surprised, but I must apologize because I do not really think he was speaking on behalf of my good Conservative friends. I think he must have been speaking as a former Créditiste when he castigated the government for not doing something for widows at age 60. We all feel sorry for these people, but let me remind the hon. member that when the party he now supports was last in office old age pensions, not only for widowed people but for the so-called heads of the household, were given at age 70, and the amount was not anywhere near what it is today.

Many other things have been done for our senior citizens in Canada. Every member of this House, whether he is on the government side or not, can proudly say that nobody who receives the old age pension plus the income supplement from January 1 of this year, amounting to $150 a month single and $285 a month for a couple, will pay one single cent of income tax into the coffers of this government. I say this is a mighty good thing, and the government should be proud of itself.

I also think of what has been done in the medicare and hospitalization fields. I also remember that in most provinces, if not in all of them, no one who is receiving a supplemented old age pension today pays anything to medicare. I think of what happens in my own province of Ontario, and I am sure this is true of other provinces. No one 65 years of age or over pays one single copper in hospitalization costs. Once more, I am proud to be a Canadian and a member of a government team which has made this possible.

I think also of the many senior citizens' homes that have been built in Canada from Vancouver to Newfoundland. Only 20 years ago there was no such thing as cheap housing for our senior citizens. There were no senior citizens' homes like those being built all over the country for those people who helped to make Canada great. Once again, I hold my head high and am proud to be a Canadian.

This does not mean we could not do better. It would have been nice to raise basic pensions to $150 per month as the hon. member for Winnipeg North Centre (Mr. Knowles) suggested. The fact is that this would cost $1,400 million, and I suggest that we must tell the people of Canada where that money is to be found. Some months ago, before this bill was even conceived, we had the best pension system for senior citizens of any country in the world. When this bill is given third reading, we will be able to say to the whole world that our system is even better. It has been made better because we appreciate these people who have really made this country great.

Mr. Speaker: Order, please. I hesitate to interrupt the hon. member, but I think I should remind the House that one hour was assigned for the completion of this debate before the vote. I had hoped there would be representations from all parties during the hour. Only seven minutes remain, and I believe the hon. member for Bellechasse (Mr. Lambert) hoped to have two or three minutes to close the debate. I hope the hon. member will keep that in mind and, if possible, bring his remarks to a close very soon.

Mr. Whicher: I appreciate your bringing that to my attention, Mr. Speaker, and naturally I will abide by your wishes.

In closing, I should just like to point out that about six members of the opposition party spoke last night, but the government did not have one speaker during that time. Like every member on the government side, I want to be fair. I am sure the Créditistes have views to put forward, so I will not use up all the time. I simply say that there is much more we could do in this country. This is not heaven, by any means; it is still called Canada, but it is the next thing to heaven as far as our senior citizens are concerned. If my hon. friends to the left do not believe what I say, let them name one country that is closer to heaven than this country of ours.

Mr. Bell: Prince Edward Island is heaven to me.

Mr. Paproski: Alberta.

[*Translation*]

Mr. Adrien Lambert (Bellechasse): Mr. Speaker, I greatly appreciate your intervention. I also thank the hon. member who spoke before me for the courtesy he has shown me.

Mr. Speaker, I should like to avail myself of the few minutes at my disposal to deal with very serious matters. I shall not attempt to refute some of the arguments put forward concerning Créditiste hon. members because time is too valuable.

I feel we should not, as responsible parliamentarians, use the problems of old people for petty partisan politics. Those people are entitled to some security in their old age and that is not a gift. If Canada can assist them, it is because they made good use of the time available to them to build our country.

The government is now administrating the country's resources, distributing them to give security to these people who have deserved it. The government does not create resources, it merely distributes them, grants assistance and recognizes the rights of these people.

I for one consider the increase in the guaranteed income supplement to be inadequate. I base my claim on the fact that many of these people have to live in old people's homes. They find some comfort in those homes but, considering the increase in the cost of living and in the construction cost of such homes, and considering the obligations of the companies building them, the cost of room and board for the aged increases so much in some homes that they are asked to pay $180 a month, because of the high cost of financing.

I wish to call the attention of the House to this: in the province of Quebec, they played politics with the question of homes, when they are partly financed by the central government. The truth should at least be told. There are enough problems, enough things of which we are accused, so that, at least, when some things are done properly, let us say so.

Mr. Speaker, I should like to say that, to my mind, the amendment was justified since today most people of 60 are turned down on the labour market. According to the act as it stands, they are not eligible for the old age pension. What will we do with those of them who have no income? We must do something for them and that is precisely why an amendment was proposed asking the government to amend the bill they they might become eligible.

Granting that right to people of 60 to 65 will in no way harm the disabled, the widows, those who are in difficult circumstances, even if they are not yet 60.

Some day, sooner or later, although we may think of it as utopian now, it will have to come to that; it might as well be sooner, not only for those people who are 60 to 65 but also for the young who are waiting to get into the labour force. That will enable Canada to provide employment for young people; that will help solve a problem and will have beneficial effects on the social climate.

I believe we are right to say we do not have the financial means that would be necessary. The present system should be reformed so that finance should be at the service of people, young and old alike.

Mr. Speaker: In accordance with the provisions of the special order adopted on Wednesday, May 17, I must interrupt this debate and put immediately any question that would be required to dispose of this bill.

• (1600)

[*English*]

Motion agreed to, bill read the third time and passed.

[Mr. Lambert (Bellechasse).]

PENSION ACT, WAR VETERANS ALLOWANCE ACT AND OTHER ACTS

AMENDMENT TO PROVIDE FOR ANNUAL ADJUSTMENT OF PENSIONS AND ALLOWANCES

The House proceeded to the consideration of Bill C-208, to amend the Pension Act, the War Veterans Allowance Act, the Civilian War Pensions and Allowance Act, the Children of War Dead (Education Assistance) Act and the Department of Veterans Affairs Act, to provide for the annual adjustment of pensions and allowances payable thereunder, as reported (without amendment) from the Standing Committee on Veterans Affairs.

Hon. Arthur Laing (Minister of Veterans Affairs) moved that Bill C-208 to amend the Pension Act, the War Veterans Allowance Act, the Civilian War Pensions and Allowance Act, the Children of War Dead (Education Assistance) Act and the Department of Veterans Affairs Act, to provide for the annual adjustment of pensions and allowances payable thereunder, be concurred in.

Motion for concurrence agreed to.

Mr. Speaker: When shall the said bill be read a third time?

Some hon. Members: By leave now.

Mr. Speaker: By consent now?

Some hon. Members: Agreed.

Mr. Laing moved that the bill be read the third time and do pass.

Mr. Jack Marshall (Humber-St. George's-St. Barbe): Mr. Speaker, in the past week we have had to deal with two important measures introduced by the government. Even though some other bills have been introduced, we have been able to reach third reading stage on Bill C-207, to amend the Old Age Security Act, and also have been able to report the same progress on Bill C-208, to amend the Pension Act, which is before us at the present moment. This must be some sort of record, Mr. Speaker, but the important thing is that through co-operation from all parties we can progress with legislation in a non-partisan manner, if that legislation will benefit the citizens of our country.

Some hon. Members: Hear, hear!

Mr. Baldwin: That does not happen too often here.

Mr. Marshall: It should be worth noting also for the record that these two bills were introduced for first reading just one week ago. This illustrates just what can be done. In just seven days, two important pieces of legislation have received first and second reading, have gone through committee stage, and should receive third reading today. Furthermore, following consideration in the other place, the two bills can receive Royal Assent by the early part of next week. So, let it never be said again by the government that there has been a lack of co-operation by opposition parties, unless the legislation introduced must be challenged for its content for the benefit of Canadians. I am sorry to say, however, and I will continue

repeating this, that the same practice does not hold true for Bill C-170, to raise family allowances. There has been little or no progress on this bill since it passed second reading and was referred to committee on April 27. Neither should the government try to say that this bill could not have received quicker treatment, because the original bill was introduced in the last session and was allowed to die on the order paper for reasons which have yet to be explained.

Bill C-208, in the main, provides for the annual adjustment of pensions and allowances payable thereunder to reflect changes in the cost of living. In the words of the minister, as recorded at page 2253 of *Hansard* for May 12:

> There never has been any clear principle governing the general changes made from time to time in the amount paid in veterans pensions or allowances . . . Veterans and their families, or widows, had no certainty as to the amounts of the payments they might receive from year to year.

He went on to say:

> This bill will for the first time remove that uncertainty. It spells out clearly the fact that the pensions and allowances will be adjusted annually; that when changes based on living costs are warranted they will take effect on January 1, and that the amount of these changes will be . . . determined by the movement of the consumer price index.

I am afraid, Mr. Speaker, that I cannot see the reason for all the complimentary remarks that have been made about what great things the government is doing for the veterans, other than the small escalation provision in the bill. By this time, and in this bill, many of the other inequities which still exist in the legislation could have been corrected and should have been corrected. We are dicussing a bill in which there has been no recognition of the repeated appeals of war veterans organizations from across the country. How many times since the Pension Act was first introduced after World War I have veteran members heard the pleas for establishing a basic rate of pension equal to the wages of an unskilled labourer in the government service. And how many times have they heard the same promises from ministers of veterans affairs, the same words which the present minister used in his speech last Friday when he said:

> Another point which I would like to stress is that the present bill relates only to the question of changes related to the cost of living; in other words, to the principle of escalation. Veterans organizations have also been making representations to the government with regard to the basic rates of pensions. In other words, apart from the periodic changes in rates there is also the question as to whether or not the pensions stand on the right base.

Just listen to these words:

> I want to say clearly that this question of basic rates is under careful study. At this time, I cannot predict the outcome of that study but I do want to point out that the present measure should not be regarded as being prejudicial in any way to the review of this question of basic rates.

Study what, Mr. Speaker? Surely, members will not accept that story again for which this government is so famous. Surely, the veterans organizations which have studied the basic rates, and made recommendations for the past 50 years, are not going to swallow that one. How many briefs on the basic rate of pension are lying gathering dust in the Department of Veterans Affairs?

• (1610)

Let us just look for one moment at the brief from the National Council of Veterans Associations of Canada submitted on April 14, just two months ago, and at a statement of the minister of veterans affairs in 1965 to the effect that the government was considering the development of some new basis for pensions, all of which has had a most unsettling effect on the war disability pensioners.

In part the brief states:

> It is felt now that the question of a formula has been under study long enough, and it is now incumbent upon the present government to re-affirm the principle of the unskilled labour market, in the terms prescribed by the Woods Committee, and that is,
>
> > That the basic rate would be equivalent of earnings in the class of untrained labour in the public service of Canada. Having endorsed this principle, the government should then proceed to recommend to parliament an increase to the level of $4,550 per annum for the single pensioner, with commensurate adjustments for dependents and for widows and orphans.
>
> One further step is necessary. That is, the adoption of the cyclical review principle which means that, once compensation has been established at the $4,550 level, the rate would be subject to fluctuation each year in accordance with increases in either the cost of living, composite wages or some other reasonable indicator of purchasing power.

Although the brief contains some 15 pages I will just quote one more paragraph, Mr. Speaker.

> If this principle means anything at all, there is an obligation on the part of the present government to bring to a satisfactory conclusion the seven-year long study to which this matter has been subjected. The review should be terminated in a manner satisfactory to all concerned before the life of the present parliament expires. It would be inhumane if Canada's veterans and their widows and children were now required to wait for the results of further deliberations while a newly elected government settles into office.

There has been a seven year study, and now the minister says he is going to study it again.

In 1966, the then minister of veterans affairs told the Dominion Convention of the Royal Canadian Legion that the government was searching for some new yardstick on which to base pensions. The veterans' organizations, quite properly, took this as a promise that the government would tackle the problem which had been allowed to develop since the end of World War II, as a result of which war pensions had not kept pace with earnings in the unskilled labour market.

As hon. members know, a committee of three independent people under the chairmanship of Mr. Justice Woods of Saskatchewan was established in 1965 to review the organization and work of the veterans Pension Commission. The committe's terms of reference did not include the quantum of pension, and thus the veterans' organizations stood aside on this particular issue in order to assist the government in remedying some of the structural and administrative faults in the Pension Commission, as well as some of the ancillary benefit areas, including allowances for attendants and exceptional incapacity. The report of the Woods Committee resulted in some important amendments which were passed by the House on March 30, 1971, but nothing was done about the basic rate at that time.

It would seem that the claim of the veterans' organizations, which is to the effect that the government is obligated to overhaul the basis of payment of war pensions to bring them in line with the rate for unskilled labour, is an extremely valid one. Since 1965, the government has approved three increases which appeared to have been based on the rising cost of living, but did nothing to bring the pension closer to the pay of an unskilled labourer in the federal public service.

Within recent months the Minister of Veterans Affairs (Mr. Laing) has received lengthy submissions which indicate a great deal of research on the part of veterans' organizations, all of them proposing an increase in the basic rate to the aforementioned figure of $4,550 per annum. These veterans' organizations are much disturbed, and rightly so. The increase in war pensions of 3.6 per cent was announced at a time when they were awaiting a reply to their serious and well-documented requests to the government for an increase in the order of 30 per cent, which would have given the 100 per cent pensioner parity with unskilled labourer. The government's announcement made no reference to anything which might be done to close this considerable gap which successive governments have allowed to develop. It, therefore, seems that if it is the government's intention merely to take the basic rate of $3,504 and subject this to annual or biennial fluctuations in keeping with the cost of living, it will have effectively robbed the 100 per cent disabled veteran of approximately $1,000 a year.

I submit to the minister that since 1919 there has been an implied contract that the 100 per cent pension would be aligned with earnings in the unskilled labour market. No matter what indicator is taken, no person in his right mind could suggest that such earnings today are below $4,550. It seems to me that the veterans' case is a reasonable one, and I sincerely hope the government will assure veterans that the 3.6 per cent increase is another interim measure, and that there will be no undue delay in the government bringing a further measure before the House to place the basic rate of pension on par with the junior grades in the federal public service.

The minister said last Friday, as recorded in *Hansard*:

> I want to say clearly that this question of basic rates is under careful study.

How many more studies could possibly be done when the matter has been studied almost to death already? Another of his statements with which I have to take issue is the following:

> Another matter of considerable interest in this connection is the question of how the current increases under the Old Age Security Act will be treated for purposes of War Veterans Allowance. I am pleased to announce that the government intends to seek an authority from the Governor in Council for a regulation exempting these increases under the Old Age Security Act, so that they are not treated as income when computing entitlement under the War Veterans Allowance Act.

I understand that an order in council has now been signed to that effect. However, I wonder why an amendment could not have been included in either Bill C-207 or Bill C-208 to have this matter corrected. Whoever drew up this bill must have had a short memory or did not have too much influence, and whoever authorized it in government must also have a short memory. How much more time must we spend in waiting to repay the veterans of our country, other than in a piecemeal fashion? After 27 years, the government fiddles with the lives of our Hong Kong veterans who have submitted millions of pages of briefs giving proof of the effects of inhumane treatment which it is distressing to repeat.

New evidence was presented as late as April, 1972, giving proof of the effects of stress from the Japanese concentration camps which accelerates aging. The request was made that the Hong Kong veterans so afflicted be considered for 100 per cent pension. But still the answers are vague and disheartening to these veterans who wonder what is going on with a government that seems to forget so easily. When anyone mentions this you get a backlash of comparison showing how our pensions are ahead of others. Mr. Speaker, these veterans are aging far ahead of others. It is time we stopped the hypocrisy and repaid the debt that is owed to these veterans in a meaningful and Canadian manner.

How much longer will the European prisoners of war have to wait to get recognition, are they going to be the subject of another study? The studies have all been made with regard to these prisoners of war, Mr. Speaker, and the briefs are multitudinous. I have some of them in my files. Back in 1953, there were the findings and recommendations of the Chief Commissioner on War Claims. I have a study on the effects of malnutrition and other hardships on the mortality and morbidity of former prisoners or world War II, prepared in 1956. There are many other studies in existence. And still this association pleads for reasonable consideration from the government for those who suffered and who continue to be affected. This bill means very little to the veterans of our country because it does not include amendments to compensate for the discrepancies which exist in the Pensions Act. It is only another political gimmick, and the government should be ashamed to pass it.

This bill means nothing unless it includes an amendment to clause 59(3) which permits the Pension Commission to take into account, in deciding on the amount of an exceptional incapacity award, whether the veteran amputee wears a prosthesis. In representations last year from the War Amputees of Canada a contradiction arose regarding the assessment of section 59(3) by the then minister and the Chairman of the Pension Commission. The minister denied that there was a basis for reduction of the exceptional incapacity allowance unless the amputee unreasonably refused to wear a prosthesis. However, the Chairman of the Commission confirmed that the act does require the Commission to take into account the fact that an amputee wears a prosthesis, and will pay less allowance because of it. This is a discrepancy which could have been corrected in this bill if there were any sympathy for our veterans.

There are many other considerations which must be taken into account, many of which have already been mentioned by my colleagues. The time is getting a little late, perhaps too late, to make amends. It is almost too late to amend the eligibility provision for allowances under the War Veterans Allowances Act, and immediate consideration should be given to reducing the require-

ment that veterans must have served in the United Kingdom for at least 365 days in World War I.

• (1620)

It is almost too late, but we still have time to apologize and amend the residence requirements of war veterans who live outside Canada. As indicated by many of my colleagues and myself on different occasions, the War Veterans Association of Britain has pleaded with the government to ease the regulations, especially for the elderly or disabled who decided to remain in Britain. There was little or no response, and we now have the opportunity to answer those pleas if the government wants to display some sincerity or by recognizing their sacrifice.

It is almost too late, but there is still enough time to review the Veterans Land Act for amendments to help provide decent accommodation for some of our veterans who still live in substandard housing and have no other means of applying for help, even though the department says otherwise. No, Mr. Speaker, I do not think that we should be in too much of a hurry to throw kudos to a government that each year pushes farther in the back of their minds the objectives of the Pension Act, which in the very first section refers emphatically to the debt that the people of Canada and the government of Canada owe for the sacrifice and disability of war veterans due to service to their country. None of us here should be too ready to give praise to the Minister of Finance (Mr. Turner) for the nibbles he has given to the senior citizens and the veterans of this country, when the motives are so glaringly suspect.

No, Mr. Speaker, let none of us here get too complacent and accept with evident satisfaction that governments, past and present, have fulfilled their obligations to almost one million veterans, many of whom are still waiting after 52 years or even 27 years for a little more comfort because they returned from wars disabled. We may be discussing escalation clauses, whatever percentage it may be, but we should be dealing in a more meaningful way with human beings. We should be discussing with a little more feeling our failure to provide all that has been reasonably requested over the years by veterans' organizations on behalf of those citizens who in their youth went to two world wars and offered their lives on behalf of our country.

We become involved in wars, unfortunately, Mr. Speaker, because of the weakness and ineptitude of those who govern. We should feel proud then, that we are able to sit in government and, with a sense of comradeship, regardless of political affiliation, deal with the problems of war veterans, ever conscious of our obligations. This bill could have done much more if those responsible for its content could have delved a little deeper in their consciences, and been mindful of the purposes of the Pensions Act.

In the interest of effecting passage of this bill, Mr. Speaker, it appears that veterans will have to wait a while longer. I sincerely hope that the Minister of Veterans Affairs and the government will take heed of the many weaknesses still remaining in the Pension Act and deal with them in the immediate future. If not, Mr. Speaker, it may be too late.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, I should like to give my support to the contention that has been made so effectively by the hon. member for Humber-St. George's-St. Barbe (Mr. Marshall), that for all the good that is in this bill a number of things are not in it that ought to be. He has outlined these deficiencies extremely well and I hope that the government will pay attention to the plea that something be done soon with regard to the various matters to which my friend has referred, notably the reassessment of the basic rate of pension under the Pension Act, certain matters under the War Veterans Allowance Act and the whole question of dealing more favourably with prisoners of war, with the administration of the exceptional incapacity allowance and so on. As I say, the hon. member for Humber-St. George's-St. Barbe has stated this case very well and I imagine that I am not the only one following him who will want to be associated with what he has said.

The second thing I should like to say this afternoon is that whenever some of us make the plea that I made earlier today for substantial increases in the old age pension, there is always a member for Bruce around to ask "Where is the money coming from?" I tried to suggest, by way of an interjection, that our gross national product is over $95 billion and out of that we could provide adequately for our senior citizens. The point I want to make now is that I do not think I ever heard that question asked in the midst of a debate on veterans affairs. All of us believe that the best possible must be done for our veterans and no one gets up to ask where the money is coming from. I must say that I have heard a number of ministers of veterans affairs take the same line, namely, that our obligation to our veterans, their dependants and their survivors, has to be met and that our job is to take steps to meet that obligation.

Having said those two or three things by way of introduction, Mr. Speaker, may I say the rest of what is in my mind at this point as briefly as I can. Like other members, I am anxious that this bill get through and get to the other place so that it can be passed and its benefits get to our veterans as quickly as possible.

As I said at the second reading stage of this bill, the statement of the Minister of Veterans Affairs (Mr. Laing) to the effect that the cost of living increase provided in this legislation is not to be regarded as a substitute for an increase in the basic rates, is very welcome. He noticed our appreciation immediately after he made the statement. He confirmed it at the end of the debate on second reading and also made it clear that he was speaking not just for himself as a minister who might not be with us much longer, but that he was speaking for the government. I think this is part of the reason for the plea that the hon. member for Humber-St. George's-St. Barbe has made, namely, that this commitment should be kept without delay, that there should not be another four or five years of study of the matter but that the basic rates should be put in line with the basis that was accepted when the Pension Act was first passed after the end of World War I.

I wish that the Minister of National Health and Welfare (Mr. Munro) would look at what the Minister for Veterans Affairs has said. The Minister of National Health and

Welfare has been trying to sell the people of Canada on the idea that an increase of 3.6 per cent in the basic pension is an increase. The Minister of Veterans Affairs is a wiser man. He knows that 3.6 per cent is not an increase, that it is the basic rates themselves that have to be adjusted. We welcome the commitment that has been made that this is to be done. Like all who took part in this debate, I insist that it be done with the least possible delay.

May I say again, as I have said at an earlier stage of the debate, that we are glad that this bill is so drawn that the cost of living increase to be provided in it will be obtained by all who draw any kind of pension that is under the responsibility of the Department of Veterans Affairs. There are the various pieces of legislation mentioned in the title to this bill as well as other pensions and allowances and we are glad that the scope of this bill is such that it will cover them all.

By the same token, it has been admitted by the minister that these increases are just for cost of living purposes, that they are not to be a substitute for basic increases. I insist that all the basic rates connected with all of these acts, must be reconsidered and brought in line with the proper basis that was accepted many years ago.

• (1630)

Again, Sir, may I say that something the government has done at this time we welcome enthusiastically. I use that expression despite the warning of the last speaker who suggested we should not give this government undue praise. We cannot do that. It praises itself so much that, even if we tried to match that praise, we could not do it. I still say that we welcome enthusiastically the provision, partly in this bill and partly in the order in council that is being obtained, which makes it clear that war veterans allowance recipients are not to be given their guaranteed income supplement by one department of government only to have that supplement taken away by another. That will not happen, although that has happened in the past far too often. Actually, it has happened so often that the mail I am now receiving from veterans shows that they expect this to happen again. It is difficult to convince them that this time that will not happen. As I say, it will not happen, and this is good. So, even at the risk of offending my friend, the previous speaker, I give the Minister of Veterans Affairs (Mr. Laing) a bouquet on this point. Mind you, I agree with the previous speaker that all this should have been included in the bill. This provision was not in the bill, and I think we can take some credit for what is to be done. After a few speeches had been made and after a few conferences had been held, the minister was able to say, "We will attend to this and do it by order in council." So long as that is done, we shall be satisfied.

Mr. Marshall: We helped the government.

Mr. Knowles (Winnipeg North Centre): The motto of the opposition parties in this House is, "We help the government". After all, someone has to provide that help.

I support strongly the proposition that this business of guaranteeing the full benefit of escalation should be included in the statute. Since the guaranteed income supplement first came into being, the few cents added to the guaranteed supplement each year have also been passed on to veterans receiving war veterans allowance, but only on the basis of an order in council passed every year. Why should we leave it that way? Why should there be any question about this? Why should we have to get up on the floor of the House and ask if the government is to do this year what it did last year? Now that escalation has been made a statutory annual proposition with respect both to the old age security and the guaranteed income supplement on the one hand, and war veterans allowances and other veterans pensions on the other hand, why does the government not say right in the statute that when these increases are granted, veterans are to get the benefit of both?

I gather that my friend, the previous speaker, pleaded that it is not good enough to leave this to the uncertainty of an order in council. The uncertainty of the government's acting on the matter is not good enough. I say, why not put this provision in the statute so that it will become a permanent proposition? We are happy to see that our veterans are to be accorded better treatment this time than they were accorded in the past. I hope word will go out to them to make it clear that this time they are to get both the increase they are getting in the guaranteed income supplement and the increase they are to get by virtue of the 3.6 per cent increase in their war veterans allowances. Since the government has done it this way this time, I hope this can be put on a permanent basis.

I again express the hope that the Department of Veterans Affairs will find it possible to include these increases in the cheques at the end of June. I understand there will be some difficulty here, because so many cheques have to be computed separately. Computing the old age security pension increase is easy. All the $80 cheques will now increase to $82.88. Also, in the case of the guaranteed income supplement, the increase for a single recipient is to be $15, and for a married couple $30 in every case. This amount is simply added to the amount being paid under GIS. So, this can be done quite easily with respect to cheques coming under the Old Age Security Act. I am told that with respect to veterans' cheques, the matter is more difficult, because so many individual computations must be made. My fear is that if at the end of June veterans get their increases in their old age security and guaranteed income supplement cheques but do not get them in the war veterans allowance cheques, they will wonder what has happened and perhaps think they have been misled in the assurance given to them that they are to get both increases. I am sure that there are enough computers around this place for doing this work, and enough mathematical experts could be obtained for doing these computations, so that if this bill passes through this place today and perhaps through the other place tonight, arrangements can be made for the increase for veterans to be in their cheques at the end of June.

I am about to sit down, Sir. I merely want to say a brief word on two other subjects which, I admit, are not included in this bill. However, I will have finished referring to them before you can call me to order. We who are members of the Veterans Affairs Committee are delighted that the House gave us a reference enabling us to hear the various prisoner of war associations. We are in the midst of hearing them now. I hope the Department of Veterans Affairs, the Canadian Pension Commission and the gov-

ernment will pay close attention to the particular pleas we are getting from these bodies; also, that close attention will be paid to their plea for more generous administration of the provision for exceptional incapacity allowances.

Sir, we welcome this bill. It is unlike some other bills, since there is nothing in it that we oppose. We like it all. Even so, as the last speaker said, there is still more to be done for the veterans of this country, such as a guaranteed income, and the government, parliament and people of Canada must meet that obligation. I hope we shall do it soon.

[*Translation*]

Mr. Henry Latulippe (Compton): Mr. Speaker, I have a few words concerning Bill C-208, which increases veterans pensions and I want to say that we are also satisfied with the increase granted by the government.

We know, Mr. Speaker, that veterans have been asking for an increase because the cost of living goes up constantly. Therefore, the increases we are giving now will soon become useless. We will have to start all over again.

This is why I want to ask hon. members and the administrators of our country to see if they could not try to adjust the economy so as to check spiralling prices. We boost pensions because prices have risen; now that we have increased pensions, we will again increase prices. The problem is not solved.

Soon both veterans and all pensioners in our economic system will still be at the same point. The economy is unbalanced; we are nearing bankruptcy.

As the hon. member for Winnipeg North Centre (Mr. Knowles) was saying our production was close to $100 billion this year and consumption near $60 billion. In other words, we still have about $40 billion in capital. So, instead of taking revenues or money from the pockets of taxpayers, and they have precious little as it is, we could draw the necessary funds from the total revenues of national production.

• (1640)

As long as we take revenues, salary increases and taxes from the pockets of taxpayers, we will keep on disturbing our economy.

Veterans are certainly right in asking for increases, because they must do with a meagre pittance and are almost at the rationing stage. So, we owe them something, because they went to war. What for? To safeguard our freedom and democracy.

After the war, we were not supposed to have any economic stagnation. We were supposed to live entirely and fully free, and the economy was to be put at the service of all Canadians. And we realize that this has never been achieved. Actually, approximately 20 per cent of our population enjoys the benefits of our economy; the remaining 80 per cent live in poverty, from day to day and in slums.

If there are so many slums, it is because the interest rate is too high. Our citizens lack the means to build new houses. Those who do build them must pay interest rates as high as 4, 5 or even 6 per cent. The government does not concern itself with establishing interest rates which would permit lenders to make a reasonable profit, while allowing those who need a house to buy one. At the present time, we are all tenants in this country and we pay excessive interest rates which in part accounts for the increase in the cost of living and prevents our citizens from living their lives properly.

Then, what should we do to enable all our citizens, including our veterans, to have a decent life? We must set up a well balanced economic system so that we can put an end to the increase in the cost of living and the increase in taxes.

As long as we fail to solve the issue, we shall ask for increases which do not bring any solution but do cause new problems because, under the present system, we shall pay for the increases out of the pockets of those who already do not have much.

Mr. Speaker, we have been speaking for a long time of our proposed solutions designed to balance our economy and correct the mistakes of our present system. In fact, we admit that the present system is the best in the world, but we realize that it lends itself to much abuse, something which must be identified and corrected.

We must balance our economy in order to provide every person with what he is entitled to get. Thus, all the goods we have in hand might be used to meet people's requirements, thus ensuring their economic freedom and security.

[*English*]

Mr. William Knowles (Norfolk-Haldimand): Mr. Speaker, I agree with what has been said by my colleague, the hon. member for Humber-St. George's-St. Barbe (Mr. Marshall), on some of the major criticisms of this bill. However, I will say that we welcome what is being done for our veterans.

I have just returned from the Standing Committee on Veterans Affairs where we completed a clause by clause study of the bill and had a frank discussion with the minister and the officials of his department. They explained some of what we considered last night to be apparent anomalies in the bill. The minister reassured us with regard to our fears in connection with the old age security, the guaranteed income supplement and the war veterans allowance by telling us that the total benefit would accrue to the veteran. This was one of the fears that I and others voiced in this debate.

The standing committee also heard representations by representatives of two prisoners of war associations, the national association and Hong Kong veterans. While it may be argued that they did not have anything to do with this bill, they did ask for increased benefits and further recognition. That is what this bill is all about, increasing benefits to veterans.

The National Association of Prisoners of War represents those who were incarcerated in prisoner of war camps in Europe, particularly those taken prisoner in the infamous Dieppe raid when, despite the valour of our Canadian soldiers, many were taken prisoner. They asked a very small thing from the government. While I agree that something like this cannot possibly be incorporated into this bill, I urge the government to take note of the

brief presented by the national association wherein they ask for an immediate 10 per cent increase in pension for those who suffered indignity, starvation, humility, inhumanity and mental anguish in the war. They have reason to make this simple request. I might say that all members of the committee, government and opposition alike, were sympathetic to the request by this association. The departmental officials were present, heard the representations and made note of them. I hope they are also sympathetic.

This morning the Hong Kong veterans made similar representations. The committee afforded them the same reception. All members were sympathetic toward them. The brief is in the hands of the government. I trust the Minister of Veterans Affairs (Mr. Laing) will take note of their representations which are reasonable, especially in view of the fact that a comparatively small number who suffered at the hands of the Japanese are still alive today. Most members of the committee agreed that the sum of money that would be involved would be in the neighbourhood of approximately half a million dollars. Surely, we cannot afford to do less than that for these men who gave so much. I wish to put on record that the Hong Kong prisoners of war asked that such conditions as arthritis, coronary ailments, mental breakdown and so on be considered automatically a result of service under those terrible conditions they suffered during the war.

Your Honour has allowed me to wander a bit. I appreciate that. I will now return to the substance of the bill before us. We are talking about a 3.6 per cent increase in pensions and allowances and all the benefits in veterans' legislation. Let us take a look at what this means to a 100 per cent pensioner. The basic rate of pension is $3,504. Based on 3.6 per cent, that works out to $126 and some odd cents per year. Broken down, this means they will receive $10.50 a month. This is a good thing and we do not object to it. However, let us not over-praise the government for what it is doing. This is long overdue.

As was pointed out last night, what is really needed is to bring the basic rate into line with the inflation that has taken place over the years and parity with the unskilled labourer in the federal public service. If that had been done, the veteran would be satisfied with the 3.6 per cent increase and would not even have asked for an increase at this time. Had that been done, and the escalation formula attached to the new basic rate in line with the present wages for unskilled labour, I am sure we would have received this bill with far more favour, and so would the veterans organizations. I shall not mention this aspect any further except to say that when we praise the government for the action it has taken we should remember that it is only veterans drawing the 100 per cent pension who will be receiving the $10 or $15 a month. And not many of them are getting the 100 per cent pension. Many are getting less. Of course, the percentage of benefit decreases in proportion to the reduction in the amount of pension they are getting. So the crying need is for an increase in the basic rate of pension and if the government is really sincere about helping the veteran, this is the direction in which we should move. As my hon. friend from Humber-St. George's-St. Barbe (Mr. Marshall) has pointed out, the veterans organizations have requested such action time and time again through their representatives. I am afraid their briefs are gathering dust in the pigeonholes of the department. Let us dust them off; let us do something meaningful for those who did so much when their services were needed.

[Mr. Knowles (Norfolk-Haldimand).]

• (1650)

Everyone in the House agrees that what is being done for the veterans needs to be done and we support the measure wholeheartedly. There is nothing the matter with the bill except that it does not go far enough. We have tried to draw attention to its deficiencies and we have tried to make some impression, not only in the House but in committee on the officials of the department concerned and on the mind of the minister in the hope that heed would be paid to some of our representations. Let us hope this is not the last of the bills to aid our veterans. Let us hope it is only a beginning. It has been suggested that the government only takes action of this kind when it is considering going to the people for a mandate. Why not take action some time when there is not an election in prospect? If we are serious about aiding those who gave so much of themselves for their country when they were needed, then surely we can look after them when they are entering the twilight of their lives and when their own need is greatest.

Mr. F. J. Bigg (Pembina): I wish to join other members of the House in welcoming this bill. We have received an assurance from the minister, and I, for one, am very pleased about the attitude he has taken toward this important matter in assuring us that the basic rate will in fact be looked into and that a benchmark commensurate with the rate of pay of labour on Parliament Hill will be put into the statute once and for all. Surely, this is not being over-generous. And if we are looking for a standard which can be rationalized, may I say that I have never met anyone in the years I have been in parliament who ever raised any objection when this particular benchmark was mentioned.

The Hong Kong veterans were before us this morning in the committee. They are very happy, generally speaking, about the recent improvement in their lot, but, as they say themselves, time is running out on them. Some 20 per cent of them are still fully employed, which is a miracle in its way, when one realizes that these men endured three and a half years of the most frightful treatment as prisoners of war in the hands of the Japanese. They have made heroic attempts to remain self-reliant and self-supporting. As one might have expected, they became tremendously close as a group. They have stuck together, and they worry a great deal about those who have not been able to make it. They say, and I will take their figures, that there are 25 per cent of the survivors, some 1,150 in round figures, who are still unable to support themselves completely. Then again, as everybody knows, a strong-willed man is often able to put up with the rigors of life but in these cases it frequently happens that hardships fall upon the family, wives and children who do not enjoy the standard of living which most Canadians can get for themselves today. The best they can look forward to is a standard of living below that of the labouring man on Parliament Hill.

This is why the veterans have come to us and said: Can you not look after those people who do not measure up and who cannot bring their standard of living up to that of labour. They admit that some of their number have done so well that they have not even applied for their pensions. Some have done very well indeed. In every walk of life there are giants, mentally and physically, who can survive even the rigours of a Japanese prisoner of war camp. But the representatives of the group are realistic enough to know that one must not take account only of the very few who do not need help from a grateful Canadian people. So they have come to us and said: Will you not give us the benefit of the doubt in certain cases. We have done so on many occasions with respect to other veterans, as I mentioned yesterday.

The Hong Kong veterans asked to be given the benefit of the doubt with respect to complaints of premature aging, cardiac conditions and arthritis. They say they can bring forward medical evidence to support their claims. I do not think there is need to labour the point. Everyone in this chamber would agree that it is not good for a man who has a weak heart to spend three and a half years in a prison camp. This is a classic example of a case where the benefit of the doubt rule might well be applied. These people have made an heroic attempt for 27 years to put themselves on the road back. They come forward now and ask for a little more help. I think we should give them the benefit of the doubt as requested.

I shall resume my seat, now, and end my participation in the debate. Let us keep an open mind toward these people and give them all the help we can.

Mr. Arnold Peters (Timiskaming): Mr. Speaker, granting these increases in the form of an escalator clause based on the current increase in the cost of living rather than at a low fixed rate as previously contained in some of our legislation is to be commended. We agree we should be making provision for special difficulties encountered by veterans who were prisoners of war and who may now be suffering from arthritis or heart disease related to privations which they then endured. The inevitable end for some of them is near so we are not being overly generous.

• (1700)

As we approach an election I keep thinking of the argument that has been used, not only by this government but by previous governments, that if we are to provide pensions and allowances they must remain at a very low level since the country would not agree to pay the kind of pension that was originally envisaged to put the war veteran pensioners on a par with a sweeper in the civil service. As many hon. members have indicated, this level has now risen to a reasonably respectable one, and since it is now higher than a mere subsistence level we have to find another way of justifying the low pensions that we pay. Hon. members will recall that the Woods Commission reported that those with multiple disabilities should receive an amount that was three and a half times what was originally suggested as the basic pension rate. Only recently members of the government said that this was too high, having figured it out in dollars and cents, and that it could not be justified.

Although the increase was not nearly as generous as Commissioner Woods would have liked, the legislation has now been in effect for about a year and to my knowledge there has been no complaint that the veterans are receiving undue consideration from the Parliament of Canada. Neither have I heard anyone say that the amounts we are paying are overly generous in terms of the compensation that a country as rich in resources and wealth as Canada could afford to pay those who made the kind of sacrifice they did. Therefore, Mr. Speaker, I am quite pleased that we were able to increase the cost of living escalator clause relating to both pensions and allowances to bring it in line with the cost of living increase. It had always seemed to me that we adopted an unrealistic escalator, but we have now corrected this situation.

I am reminded of labour organizations that argue against the implementation of wage controls. They say, and rightly so, that wage controls are fair for some, but for those in the lower categories they are very unfair. If you freeze the pension of a person on low income so it becomes stabilized at a level considerably below the standard of living achieved by the average person in this nation, then you put these people at a considerable disadvantage, which I do not think is in the interests of Canadians.

Finally, may I say that I hope the Minister of Veterans Affairs (Mr. Laing) will stay in the department for a considerable length of time. I would appreciate it if he would change his mind and run again, though I do not know how that would sit with some of my colleagues from the minister's province. Nevertheless, he is the first minister of the department who, on his own initiative said he would do this, he would do that, he would do the other, and I think the veterans of this country will be very pleased that the order in council will be implemented and that those changes that the bill neglected to make will in fact be made. I am sure the veterans of this country will congratulate him on the forward step that he has taken, and some of them will remember Art Laing long after he has left this place.

Motion agreed to and bill read the third time and passed.

PROCEEDINGS ON ADJOURNMENT MOTION

SUBJECT MATTER OF QUESTIONS TO BE DEBATED

The Acting Speaker (Mr. Boulanger): Order. It being after five o'clock it is my duty, pursuant to Standing Order 40, to inform the House that the questions to be raised tonight at the time of adjournment are as follows: the hon. member for Hillsborough (Mr. Macquarrie), public works; the hon. member for Regina East (Mr. Burton), supply and services; the hon. member for Yorkton-Melville (Mr. Nystrom), agriculture.

Mr. Jerome: Mr. Speaker, in arranging the schedule of business for private member's hour this afternoon, it had been hoped that the hon. member for Vancouver-Kings-

way (Mrs. MacInnis) would be able to go ahead with one of her two notices of motions for production of documents. She was, in fact, prepared to do so and we on this side were prepared to reply. However, there has been a late scheduling change. A committee of which she is a very active member was called into session this afternoon. I refer to the health and welfare committee, which is dealing with the family income security plan in which the hon. member is very interested. Accordingly, at the last moment, without any opportunity for advance notice to be given either on her part or on our part, it was necessary for her to withdraw from the arrangement and she will not be moving her motion this afternoon.

As a result, we did discuss the possibility of using this hour, or a good portion of it, to conclude the debate on the measure that has just been passed. That being so, I think there might be a disposition among hon. members to call it six o'clock.

The Acting Speaker (Mr. Boulanger): Does the House agree to call it six o'clock?

Some hon. Members: Agreed.

The Acting Speaker (Mr. Boulanger): It being six o'clock I do now leave the chair.

At six o'clock the House took recess.

AFTER RECESS

The House resumed at 8 p.m.

• (2010)

GOVERNMENT ORDERS

ELECTION EXPENSES BILL

AMENDMENTS TO CANADA ELECTIONS ACT AND INCOME TAX ACT

Hon. Allan J. MacEachen (President of the Privy Council) moved that Bill C-211, to amend the Canada Elections Act and the Income Tax Act in respect of election expenses, be read the second time and referred to the Standing Committee on Privileges and Elections.

He said: Mr. Speaker, before beginning to set out the details of this particular bill I might make one or two comments about the question of election expenses, the background to this bill and my approach in bringing the bill before the House of Commons. As you will appreciate, Mr. Speaker, every member of this House in a sense is an expert on election expenses because each member has met the difficulties and responsibilities in a financial way of contesting a general election. Therefore, everyone here has knowledge that probably is at least equal to the advice that is received from all other sources concerning what we ought to do about this difficult problem.

[Mr. Jerome.]

First of all I might mention that this bill follows in the main, if not entirely, the recommendations of the Special Committee on Election Expenses which reported to this House in June of last year. That was an all-party committee which met frequently and heard witnesses. In so far as can be determined, its recommendations to the House of Commons were unanimous. That report in turn benefited from the study which had been made previously by an expert group, a committee which had been appointed by the Pearson government and headed by Mr. Barbeau, known as the Barbeau committee. The membership of that committee included two former distinguished members of this House, Mr. M. J. Coldwell and Mr. Arthur Smith. In addition to the three gentlemen I have mentioned, the other members were Mr. Norman Ward and Mr. Gordon Dryden.

To a great extent, as did the report of the special committee, this bill for its guiding principles rests on the main recommendations of the Barbeau committee. There are some divergencies. I will perhaps later be prepared to explain why I am not recommending to the House the implementation of every single item that was put forward either in the Barbeau committee report or in the special committee report, although I repeat that we have followed in the main the principal recommendations.

We are keeping an open mind in respect of the details of this bill. I shall be listening to the views of hon. members on all sides of the House, and if perhaps persuasive arguments can be made and if gaps can be revealed in the bill, then certainly I will be ready to accept changes to it. As an example of that approach I might mention that the Barbeau committee recommended that in the disclosure provisions, registered political parties be obligated to report contributions received from foreign sources. There was no reason given at any point in the report concerning the basis for this recommendation, the extent to which in the view of the committee it felt political parties were financed by foreign sources or, indeed, why from a public policy point of view foreign sources ought to be segregated from domestic sources.

The special committee did not follow the Barbeau committee in that regard but recommended that non-resident individuals, corporations and unions be prohibited from making contributions to registered political parties. Again, in the report of the special committee I have been unable to find any reasoned argument in support of this particular proposal. In the absence of any compelling argument in favour of either of these approaches, I have not included any such provision in the bill. However, I certainly will be listening to the observations of hon. members on this point and if good arguments can be brought forward indicating the inclusion of such a provision would be an improvement to the bill, I would be prepared to accept an amendment along those lines: likewise in respect of other details of the bill, except that I am not prepared to depart from the main principles which underscore this bill.

The bill itself incorporates three main principles which have been widely discussed since the last electoral reform on this subject in 1920, namely, the limitation of election expenses, the disclosure of sources of contributions and the need for financial assistance by candidates and politi-

cal parties. The piecemeal electoral reforms between 1871 and 1920 all suffered from the twin difficulties of failure to recognize the existence in the law of political parties and failure to recognize that political parties and candidates require fairly large amounts of money in order to carry on their activities.

In the modern world very large amounts of money are required to conduct election campaigns and to communicate effectively with the electorate. Hopefully, this bill will overcome the problems imposed by these earlier failures and as well will bring the question of political finances to the attention of the public. Hopefully, also, it will place candidates seeking public office on a more equal footing.

I am sure hon. members will be asking why we are bringing this bill before the House at this particular time. There is no sinister motive at all behind the timing. Members will recall that the report of the special committee was presented last June, and as the person principally responsible for the scheduling of government business I can say that had I had the bill in my pocket on that date it would have been quite impossible, because of other legislative priorities, to have brought it before the House much earlier since it would have meant removing from the legislative program items to which the government attached priority.

• (2020)

Last fall, as hon. members will recall, we spent much time on the employment support bill, on the tax reform bill and on the farm products marketing bill, just to mention the three main items along with budget bills that had to receive the attention of the House. Also as hon. members know, in this session we have been occupied with legislation of considerable importance. That is why I invite members not to speculate that there is some sinister motive which has induced the government to bring the bill forward at this particular time, unless it is to support the speculation which exists in all our minds that elections are necessary and probably will overtake us at one time or another.

Mr. Knowles (Winnipeg North Centre): Now tell us about your good motives.

Mr. MacEachen: There is a question as to when the bill will come into effect and whether it will be in effect before the next election. Not knowing when the House will pass the bill and not knowing the date of the next election, it is quite impossible for me to answer that question, except that it is clear that the Chief Electoral Officer can insist under the law on a time period of six months before he is obliged to implement an amendment to the Canada Elections Act. But there is nothing in the law that would prevent the Chief Electoral Officer implementing any amendment or being in a position to implement any amendment to the Canada Elections Act within a shorter period. Of course, hon. members may have conferred individually with the Chief Electoral Officer as to when in his opinion it would be possible to give effect to the provisions of this bill when and if it comes into effect.

The first principle in this bill is a decision to put a limit on election expenses. We all hope and strive for the objective that money and financial resources in the hands of any individual or any party should not be the deciding factor in elections. There is a widespread opinion, incapable of proof however, that money has been very instrumental in waging and winning elections. Any discussion on the eligibility of persons for office must be premised on the assertion that a candidate with limited funds should have some equality or some semblance of equality of opportunity to present his views as much as the candidate with large resources. This bill in all its aspects will not assert full equality, because how is that possible in any field of endeavour? But at least it will bring us closer to the objective of equality among candidates competing for public office.

One method of putting candidates of differing financial means on a more equal footing in election campaigns, suggested by both the Barbeau committee and the special committee, was the imposition of a ceiling on the amounts which candidates could spend on election expenses. That is quite important because if an effective ceiling is placed on election expenses then a particularly wealthy candidate cannot rely upon great resources in order to influence unduly the outcome of an election. We have not put a cap, we have not put a limit or we have not recommended a limit on all election expenses. We have avoided that, as the Barbeau committee avoided it and as the special committee avoided it, because first of all there is a question of necessity. Is it necessary to put a limit on every conceivable item in the expense list of a political candidate?

There are certain overhead expenses within a campaign which exist from one election to another, which do not vary a great deal and which exist in every constituency—for example, the travelling expenses and personal expenses of candidates. What the Barbeau committee did and what the special committee did was to select those items in the over-all expense spectrum which first of all were foreseeable, were controllable, were subject to the greatest escalation and which were putting the greatest burden upon candidates and political parties.

For that reason, election expenses are defined in the bill generally to include expenditures in connection with the media, the print media and the electronics media; in other words, paid advertising, the biggest element in modern election campaigns. Accordingly, we have imposed a ceiling on a candidate's election expenses to be defined as the cost of paid broadcast advertising, paid press advertising and other forms of paid advertising. A candidate's fixed costs which I have mentioned already, such as travelling expenses, the costs of his nominating meetings, and so on, are not included. The rental of halls, for example, is not included within the definition of election expenses. These are not included because they are relatively static in nature and they have not been inordinate consumers of election campaign funds. Therefore we have defined election expenses to include these special items and we are proposing a limit on campaign expenses under the definition I have mentioned.

The limit on a candidate's campaign spending proposed is $1 per elector for the first 15,000 electors, plus 50 cents per elector for every elector over 15,000 and under 25,000, and 25 cents per elector for each elector over 25,000. This formula works out at the figure of $20,000 for the first 25,000 electors, plus 25 cents for each elector over 25,000.

For example, in a constituency having 45,000 electors a candidate would be limited to $30,000 on his campaign advertising costs. These are the figures put forward by the special committee. They are larger than the amounts recommended earlier by the Barbeau committee. They are within shooting distance of the actual experience of particular urban candidates in the last federal election.

They may seem to be generous or to be too large, but bearing in mind the recent experience of candidates, and that if adopted this legislation will exist probably for quite a number of future elections, they seem to be a reasonable limit at this particular time. As a government we are not married to these particular figures. If persuasive arguments can be made that they ought to be increased or decreased, then we would consider that question as well.

Now I would like to deal with a number of constituencies so that hon. members will get some idea of the amounts we are talking about. For example, the constituency of the Prime Minister (Mr. Trudeau), with estimated electors of 60,284 at April 1, 1972, would have a spending limit of $28,825.

• (2030)

An hon. Member: He will need more than that.

Mr. MacEachen: The constituency of the Leader of the Official Opposition (Mr. Stanfield), with 45,807 electors, would have a spending limit of $25,201. The constituency of the hon. member for York South (Mr. Lewis), with 47,130 electors, would have a spending limit of $25,550. The constituency of the hon. member for Témiscamingue (Mr. Caouette), with 33,000 electors, would have a spending limit of $22,000. Those are the limits for these constituencies. It is not difficult for hon. members to compute the amounts for themselves. If I can make a personal comment based on my experience as a candidate in a number of elections, I believe that these are real limits, not fictional limits and that in the future candidates will be held back quite forcibly by these limits when they are confronted with managing a modern election campaign based, as it is, on the employment of the media.

I should like to turn for a moment to the limitation of spending by the parties. The bill does not impose any over-all spending limit upon registered political parties. In this particular we followed the recommendation contained in the Barbeau report. The bill does, however, impose limits on the use of the broadcast media by political parties through an election campaign. It is in the area of the electronics media that campaign spending by registered parties has escalated most notably in recent years.

It was for this reason that the Barbeau committee and the special committee recommended that some limitation be placed on spending in these areas. Spending by registered parties in other areas such as in the press has not proved to be as significant in terms of consumption of campaign funds as the broadcast media, and consequently the need for control is not so great. Registered parties will be limited to 6½ hours on any broadcast outlet during the election campaign. That is not 6½ hours for each political party; the total 6½ hours is to be shared by the registered parties and the bill provides that the CRTC will be given the responsibility of adjudicating any dispute as to the allocation of time.

[Mr. MacEachen.]

Mr. Woolliams: That is pretty dangerous.

Mr. MacEachen: This is also a real limit. It follows the recommendation of both the Barbeau committee and the special committee. In arriving at any allocation formula, the CRTC is to consult representatives of the registered parties in an attempt to have the formula worked out by agreement. If agreement cannot be reached, the CRTC can put forward a proposal and give notice that it will be binding and after two days it will be binding on all parties. The CRTC will then notify all broadcasters in Canada of the proposed allocation and these broadcasters must provide time to the registered parties on the basis of that allocation. There are penalties for any failure to provide this time. The time will be paid for one-half by the Chief Electoral Officer and one-half by the political party itself.

Beyond this over-all limit, political parties will not be permitted to buy time but broadcasters who so wish can contribute time over this limit to registered political parties. If such a contribution is made, it must be made to all parties on the basis of the formula just mentioned. Consequently, the advantage to any registered party which might be obtained by having had campaign funds available for media advertising will be lost and all parties will be on a comparable footing as far as the use of paid broadcasting is concerned.

As hon. members are aware there is a great deal of interest in the question of disclosure of the source of campaign funds. The Barbeau committee in its hearings identified a feeling held by many Canadians that political parties must have something to hide because they do not disclose who are their contributors. I do not suggest that this feeling is justified by the facts surrounding the contributions to any party; however, because this feeling exists it is necessary that we not only reassure the public about political parties but that we do it in such a way that they will be convinced that the assurance is real and solid.

This bill reflects the view that disclosure of the sources of campaign contributions will put the facts surrounding contributions before the public. It will have a salutary effect in reducing the alleged mystery surrounding the financing of political campaigns, and probably for the first time will impress upon the public the fact that usually political parties are broke and between elections have a great deal of difficulty financing their annual activities, and that despite the alleged wealth of political parties each of them has great difficulty and candidates have a great deal of difficulty at election time in raising money to finance their campaign.

It is a myth, of course, of modern politics that money flows into the coffers of political parties without limit and that really it is an abundance of riches with which the parties work at election time. We hope that the system of disclosure recommended in this bill will put a good deal of this misunderstanding to rest and that the public will have a real look at how much money political parties raise each year, how much they raise for elections, how much they spend and what they spend it on. As a government, we have not gone into conclave and decided what system of

disclosure would be in the best interests of the Liberal party, for example. On this point we have accepted the recommendations of the Barbeau committee and the special committee of the House of Commons.

In this bill we are proposing that political parties be obliged by law to disclose their sources of funds by category, namely, the corporations, trade unions, private individuals and so on. We are not obliging nor asking that the individual contributor to a political party be identified in the return. In taking this approach we are following that taken by the Barbeau committee and by the special committee.

The Barbeau committee discussed this particular question and hon. members may want to refer to the discussion in which they put forward the pros and cons of disclosure by contributors. They concluded that for a number of reasons it would be in the best interests of the democratic process not to identify particular contributors whose privacy would be violated, who may be subject to harassment from all political parties and whose secrecy of political activity would be jeopardized. For these reasons they did not recommend the identification of the contributor. They accepted the view that an obligation to disclose individual contributions to political parties would probably dry up sources of support from legitimate contributors and would force political parties to rely on what they term illegitimate sources of campaign contributions.

• (2040)

It seems to me that in obliging political parties on an annual basis and after an election to disclose by source their contributions in total dollars, by obliging the chief agent of the party to make a report to the Chief Electoral Officer, by obliging the party to have its accounts audited and confirmed that in the opinion of the auditor the accounts had been kept in accordance with the law, and by obliging the Chief Electoral Officer to make these accounts public we are going a long way in putting a searchlight on the activities of political parties. We are taking a very important step and I hope that members of all parties will realize its implications for the future of all political parties and the operation of their financing.

With regard to candidates, the system of disclosure for candidates under the bill is intended to be the one contained in the present law. In this regard we are simply adopting the Barbeau report and the special committee report of what should be disclosed by candidates. We are requiring candidates to publish returns relating to the names of contributors, whether private individuals or corporations or unregistered groups who have contributed to their campaigns. The names of specific contributors must be set out on the form relating to election expenses.

In addition to the return relating to election expenses, a candidate must within two months following date of the election have his official agent turn over his accounts, receipts and vouchers and his return relating to election expenses to an independent auditor who will check the accounts to determine whether or not they accurately reflect the spending or, alternatively, that there is insufficient information.

The official agent of the candidate must then forward the return relating to election expenses, and the auditor's report to the returning officer who in turn submits it to the Chief Electoral Officer who keeps both reports as public records. The returning officer is obliged to publish the return relating to election expenses and the audited report in a local newspaper following the election. The candidate is not entitled to the return of his deposit or the financial assistance, which I will discuss later, until these returns have been submitted.

The concept of the auditor's report was developed by the special committee and it is felt that this will allow an individual citizen to determine quickly and accurately what a particular candidate has spent or whether a particular candidate is in violation of the law. If a candidate does not submit a return and an auditor's report, or if the return is inaccurate or incomplete, then the candidate if elected will not be allowed to take his seat, or if not elected will not be eligible to be a candidate again until the return and the report have been filed.

I have already discussed the system of disclosure by registered political parties but I should give a little more detail because it is a key proposal. Under the bill, parties registered under section 13 of the Canada Elections Act will be required each year, within two months of the end of its fiscal year, to submit an annual return showing the amount of contributions made to it in that year by classes of donors. These classes of donors are individuals, public corporations with share capital, private corporations with share capital, corporations without share capital, trade unions and unincorporated associations other than trade unions.

On the disbursement side, the parties must show amounts of money provided by the party, the value of other assistance given to each provincial and regional organization of the party, the amount of money expended on operating expenses of the party, including the travel costs of the leader of the party, and the total of all other expenditures made by or on behalf of the party. In addition, within six months of each election the registered parties must submit a similar return with respect to contributions and expenditures made by the party during the election.

Both the annual reports and the post-election reports of registered parties must be accompanied by the certificate of an independent auditor similar to the one to be obtained by candidates. This must state that in the auditor's opinion the accounts of the party and the reports accurately reflect the expenditures of the party in the annual period or in the election campaign, whichever is applicable. That is certainly a new step.

I have already discussed the question of disclosure and I have mentioned the reasons which led us to accept the recommendation of both Barbeau and the special committee with respect to the obligation. We fully accept the principle of disclosure with regard to political parties, but it is disclosure by category. For the first time we have applied the doctrine of agency. To ensure that the accounts, vouchers and receipts of the registered political parties accurately reflect all the expenditures and contributions made to political parties, it is necessary to apply the doctrine of agency to political parties.

The system of agency for political parties will be analogous to the one already applicable to candidates. Regis-

tered parties will be required to designate agents with the Chief Electoral Officer forthwith after the coming into force of this bill. Thereafter, all payments on behalf of the party must be made by agents and all contributions made to agents. Each party will be required to designate a chief agent who will be responsible for the filing of the party's annual and post-election reports and obtaining and filing the auditor's statements thereon.

Each agent of the party will be required to render whatever assistance is required to the auditor for the annual and post-election audit. The chief agent will be held responsible for filing the auditor's reports and ensuring their accuracy, and will be guilty of an offence for not doing so. The registered party itself may be prosecuted for failure by its chief agent to discharge these duties. This makes it possible to go after the agent of the party or the political party. The fine proposed for an offence by a registered political party is $25,000. It may seem an inadequate amount, but it seems to me that the sanction here is not solely the fine itself but the embarrassment which any national political party would suffer if it found itself in violation of the provisions of this bill.

I would also point out that the existing provisions governing the duties of the candidate's agent will ensure that no person other than the official agent incurs election expenses on behalf of the candidate. If other persons or groups incur election expenses with the knowledge and consent of the candidate or his official agent, such expenses must be included in the candidate's expenses and will be subject to the candidate's limit.

If such groups incur election expenses without the knowledge and consent of the candidate, they will be guilty of an offence unless they can show that they incurred these expenses in supporting or opposing a candidate for the legitimate purposes of an organization to which they belong and not for the purposes of avoiding the candidate's expenditure limits. We feel that protection for persons who incur election expenses for the legitimate purposes of an organization to which they belong, and not to avoid the limitation of expenditure provisions of the act, is necessary in order to preserve a balance between freedom of speech on the one hand and the necessity to observe spending limits on the other.

• (2050)

In addition to imposing a limit on the amounts which candidates can spend on personal publicity, both the Barbeau report and the special committee report recommended that a degree of financial equality should be established among candidates and among political parties by the extension of certain services and subsidies to all who qualify and to increase public participation in politics by broadening the base of political contributions through tax concessions to donors. The bill contains several provisions to accomplish these purposes.

Any candidate receiving 20 per cent of the valid votes cast is entitled to a return equivalent to 25 per cent of proven and allowable election expenses defined in the act and certified in the audited report. In addition, the candidate will receive a sum of $250, which is intended to be a contribution toward the cost of obtaining an auditor's report. Candidates in scheduled areas, that is, large northern ridings, will receive a further federal allowance of one cent per square mile up to a maximum of $3,000 for proven travelling expenses, whichever is less. These amounts are paid by the office of the Chief Electoral Officer.

These payments are directed to assisting candidates for parliament to meet the basic requirements of communicating with the public, and since modern election campaigning is heavily dependent on the mass media with their very high costs, it becomes desirable that candidates should receive a degree of assistance in meeting these costs.

In addition to the time alloted to the registered parties on the broadcast media, broadcasters are required to make additional time available to the candidates of each party in the amount of five minutes on television, 20 minutes on radio and 20 minutes on cable television services. In practice, this time is divided among candidates of the parties in the area covered by the outlet. Where a broadcasting outlet covers more than one riding, each candidate would get the amount of time which I have just mentioned. Provision is also made for independent candidates to have access to broadcasting time on an equitable basis.

At the same time, while this is a guarantee to ensure that every candidate in every riding where there is an outlet will have guaranteed minimum access to the media in the way I have stipulated, each candidate is free to purchase media time up to the limits of his own election budget. In other words, though there is a guarantee of minimum time which must be provided, he cannot be denied any amount of time he wishes to purchase up to the ceiling imposed on his election expenses.

There is another important point. Rates for individual and registered parties are fixed at the standard rates charged by broadcasters for normal commercial customers and increased rates during an election campaign are not permitted. We are all familiar with the practice of the media of charging, not the lowest commercial rates but what are described as national rates. In future, under this law the media will have to provide candidates with the lowest commercial rate.

Mr. MacLean: Good.

Mr. MacEachen: That, in essence, describes the provisions of what is a wide-ranging effort to reform and update the electoral process in Canada with respect to election expenses. We accept the principle of disclosure, of greater public knowledge about the financing of political parties. We do not take the approach in the bill that politics is evil, that it is sleazy, that it is something to be hidden. We proceed on the basis that it is a legitimate activity and that it should be given the same status as other activities in the community.

It is for this reason, and in order to broaden the basic contribution to political parties, that we are providing certain tax incentives to contributors to political parties. An individual or a corporation can be eligible annually to a tax credit of up to $500, or one-third of a maximum annual contribution of $1,500. We believe that this tax credit, available to contributors of political parties, should make it possible to broaden the base of support for politi-

cal parties while making the practice of contributing to political parties more appealing. It should certainly encourage smaller contributors and reduce dependence among parties upon very large contributors.

We have chosen the tax credit system as opposed to an income tax deduction because we feel it to be a more equitable system and because it does not affect the tax base. Here again, there was a difference of opinion between the Barbeau committee and the special committee. The Barbeau committee recommended a tax credit; the special committee recommended a tax deduction. After considering the arguments for and against, we thought it was in the interest of equality among taxpayers and better for our political system to use the tax credit method.

I believe I have covered all the main items in the bill. Where we have departed from any of the recommendations of either committee I shall be glad, either on winding up the second reading debate or in committee, to go into further detail. But I am sure the principles of the bill, namely, the principle of disclosure, applicable for the first time to registered parties, the placing of a ceiling on election expenses of candidates and of political parties and, finally, the support of political activity through direct grants from the treasury to eligible candidates and through the provision of tax incentives will be widely supported.

I wish to apologize for the time I have taken in introducing this bill but I judged it to be of some interest and did not wish to miss any of the important points. I might add that I am approaching the bill with an open mind, in full knowledge that everyone in the House is an expert on the subject. We, the experts, in the House of Commons will finally determine the shape of this bill based upon what I consider to be the superior knowledge and experience possessed in this field by members of the House.

Some hon. Members: Hear, hear!

Mr. Heath Macquarrie (Hillsborough): Mr. Speaker, so impressed am I with the minister's very interesting defence of this bill that I am almost tempted to say "Amen" and sit down. But I will resist that temptation for a while. The minister is indeed a very plausible parliamentary practitioner when he wants to be. I must say I was more impressed by his presentation than by the bill he is presenting. As to the whole question of election expenses, I have long been an advocate—and I imagine most members of this House have been advocates—of introducing a measure of change. There is much that ought to be done; this is a very important aspect of our parliamentary system.

• (2100)

I think some of the general principles that the minister has recapitulated find general acceptance in the House. It is proper and appropriate that we officially recognize the tremendous importance of political parties to our whole parliamentary structure. Sixty years ago Lord Bryce declared that political parties are older than democracy and that no great, free, representative state ever worked without them. He was not able to see that you could work democracy without political parties. And so we must realize that they are essential to the working of our system. Only too often do we hear the sordid suggestions that surround political parties rather than acknowledge the essential democratic function that underpins them.

I was immensely moved by the minister's invitation not to suggest that there was anything sinister about the timing of the presentation of his bill. I also noted his invitation to suggest why the separation of foreign contributions, which was recommended by the Barbeau committee, had not been included. I should not have thought that at this "grey" stage of parliamentary discussion that that kind of invitation would have been necessary or that such prompting would have been required.

I noted, too, that the minister said it would have been very difficult to get the measure through during all these many, many months, that even had he had it right in his pocket there may have been great difficulty about getting passage. I suppose had he never tried, he would never have known what parliament would do with his measure had he taken it out of his pocket. I have the feeling that it was not in his pocket until very lately, that this measure is a scissors and paste job, and that where Barbeau did not fit the minister used the special committee. Certainly the synchronization of the two does not strike me as the result of a long, careful series of legislative steps; I find a lot of disharmony in the piecing together of what Barbeau suggested and what our very fine special committee suggested. Therefore, I am not going to cast any sinister suggestions but I am just wondering whether there was a burning desire to produce yet another panoply of progressive excellence before a certain event, and to produce it in such a way that nothing really had to be done but produce it.

This is a discussion that has been going on for many years. The subject of election expenses has been a dreary story of sometimes shady dealings and worrisome suspicions. We have had many calls for reform down through the ages. Sir Robert Borden—as he later became—made his first speech in 1896 and spoke of nothing else but the outrageous, rotten practice that had put certain members of the other party into office. He made a very good job of it, too. There were a lot of crooked things done in olden days. For example, there was a certain sheriff who on nominating day did not tell the Conservative candidate where the nominating meeting was to take place, and the poor lad showed up after nominations were closed and there was a Grit acclamation.

I may say that my party was not free from iniquitous practice. We never forgot the Pacific scandal, though over the long course of history we were never seemingly able to become the masters at this sort of thing as another prominent and ancient party did. But it is not for me here today to throw two Beauharnois against one Pacific scandal; suffice it to say that there was room for reform.

But then, again, it should be said that down through the years as Parliaments have tackled this subject we have produced what by comparison with many states, indeed with practically any state, is a very fine parliamentary system. We have an elections act which I think compares very favourably with any I have studied, and I have studied a good many. We have improved the elections act and have in our own time, generally speaking, gained the

confidence that elections that take place in Canada pretty clearly and generally reflect the popular will of the day. We cannot judge the popular will, though at times we might make comments about it. Certainly ever since I have been in this House and long before that we have had at the helm a Chief Electoral Officer who was a man of ability and integrity, a judgment which I am sure is universally held and widely shared.

There are some things about this measure which cause me immediate concern. I agree that there are advances in it, and not for one moment do I suggest that much good has not been produced in this bill. But I am troubled about many matters. In the first place, we do not really yet have anything like a limitation on what parties will be spending. The big, well-heeled party will still have the advantage over the other parties not so affluent, and I do not say that because I do not happen to belong to the most well-heeled party. But let us not pretend that we are putting a ceiling on election expenses when in fact it is something a good deal less substantial than a ceiling. We must note that we are limiting expenses to some aspects only, such as advertising, broadcasting and printing material. We all know there are many other areas than these.

I would not use the word that the minister used: the other expenses are not "static" and they are certainly not insignificant. Heaven knows, they are not lacking in costliness. The disclosure provisions are not such as to create a tremendous advance or to cause any real quaking and shaking. It is not terribly hard to form a corporation, shall I say. There are many ways whereby in its administration and its practical operation this measure will be something less than a gem of perfection.

Another thing that I do not see dealt with here and which concerns me is that if we believe that parties are important—and they are important—we must recognize that parties have to live between elections as well as at election time. I think this consideration should and could have been thought about. The minister mentioned that various new positions would be created and an auditor would be appointed. I presume that the Chief Electoral Officer will pay him too. I hope that this will not be a charge upon the local candidate. I also noted that in the picking out from the Barbeau report and the picking out from the special committee report we lost what I thought was a very good suggestion, that of free mailing. I think that would have been a useful and helpful contribution to the conduct of an election. Surely we should be able to facilitate contact between a candidate and the people he seeks to represent.

I shall not dwell long on the idea of the tax credit or discuss it in contradistinction to the tax exemption; I might get mixed up, as the minister did momentarily this morning on the radio, though he soon corrected himself. I am wondering whether perhaps somewhere along the line we might make it easier for the little man to contribute and help, because I believe parties should be as broadly based as possible, with as many people as possible helping to make that party something in which they have a part and a tangible investment. That is the way you make a broadly based, popular party and I believe that is a very good thing.

• (2110)

When I get to the clause on broadcasting I see more evidences of haste than in any other clause. This is an area which will be filled with problems and which will require many amendments and reconsiderations. In the first place, what genius thought up the notion that prime time for radio is between 6 to 12 p.m.? That, surely, is not the kind of thing that people with this bill in their pockets since 1966 or 1970 should have let go by. That is not prime time for radio at all. In spite of the fact that we have spent millions preparing for satellites, there are still places in this country which depend upon the radio for messages of this kind and of other types. This bill lumps together TV and radio, and a little separation or surgery will be required there. In this whole area we find evidence of haste which would almost lead to sinister suggestions to which, of course, I do not want to give utterance.

An hon. Member: You are restrained in that regard.

Mr. Macquarrie: Yes, I am a very restrained man. As I read over the clauses I am wondering just how they are going to become operative. I am wondering what we are going to do with the broadcaster who has his prime time fully booked, yet the state tells him he must carry this and that. Who decides whether he cuts into Pepsi-Cola or Coca-Cola time? He may have a bit of a problem in deciding which one he should bump. Who copes with the candidate's strategy in preferring to concentrate his small, limited amount of time rather than spread it out? There you have another problem. I notice that proposed section 99(2) is very much in need of guidelines and I think this will have to be discussed in great detail and more explanation will be required. The minister was probably very wise in gliding over this subject pretty quickly.

I come to another problem in this whole area, in respect of what you do with newspapers during the blackout period before election day. We had grown accustomed to having 48 hours during which we had no TV or radio political messages. This time was cut down to 24 hours. We now have this inhibition moved to the written media, the newspapers. We read that any article, editorial, advertisement or announcement of a partisan political character in relation to the election or by-election, as the case may be, is an offence under this act.

Supposing the Leader of the Opposition goes to Toronto the night before an election and addresses a tremendous crowd of enthusiastic people. What do the newspapers of that city do? Do they blot it out altogether or do they send two reporters, one of whom might say that many people thought it was an enthusiastic meeting while the other might say many thought it was not? Perhaps they might say there were a number of people there but they are not able to disclose how many because that might look like something of a "political nature". I suggest you are going to make namby-pambies out of the press lest they be charged with the offence set out in the act.

How are they going to report a political meeting? This is still a legal operation for them which now, under this bill, they may not fulfil. I believe in this connection the bill extends a badly defined prohibition which had existed heretofore for broadcasters only. This extends it to the press, which is a much more difficult media to have

involved because I cannot see papers being blanked out altogether.

It is always a difficult thing to choose a good, general objective such as we have but I am inclined to believe that perhaps this bill suffers from a little too much hasty and ill-coordinated particularization. There are some other jurisdictions which have a limit on expenditures but which allow the parties and the candidates to decide whether they shall put "X" number of dollars of effort into radio, into television or into print, but in this bill we have a series of inhibitions which will be extremely difficult to sort out.

Probably we might achieve the objective more easily and more efficiently if we allowed a choice within the framework of expenses. There still is a great deal of diversity in this country and a campaign which would work for the hon. member for Skeena (Mr. Howard), for instance, would not be the kind of campaign which would work for an hon. member such as the hon. member for Brandon-Souris (Mr. Dinsdale) whose riding is quite different. So you cannot apply judiciously and wisely a too rigid formula as to how a man or a party makes an appeal to the electorate.

Of course we have the right to say there are certain things one cannot do, and this is said in the elections act. We have the right to suggest that we bring a degree of equity into the measure of assistance. I think that is all to the good. The only danger here, of course, is that we might find that the contribution which comes from the state will become a kind of a floor and that over and above that the same needs and desires to collect and raise funds will still be required. Perhaps if there is any misconception in the mind of the public it may be more difficult to attain them.

If I speak only half as long as the minister it does not mean I am only half as interested, but it is hard for me to get over my habit of laconic brevity even in a matter of this kind. One of the most important things I looked for and did not find was a reference to shortening election campaigns. I think election campaigns in Canada are far too long, and when we have people who have the right—and our system gives one man this right—to decide when a campaign takes place, this prolongs them still further. This adds still more complications to our efforts to shorten election campaigns. I am not the only one who thinks that. At page 48 of the Barbeau report we find this passage:

> Modern communications and transportation, in the committee's view, render unnecessary the present length of campaigns. The duration of campaigns now not only imposes a heavy burden on the finances of the parties and candidates, but also on the stamina of the leaders and candidates as well as the electorate.
>
> The committee recognizes that the time necessary to enumerate electors under the present machinery may make it impossible to shorten the period between the issuance of the election writ and pooling day, without the introduction of a permanent list of electors. The committee also recognizes that considerable planning and preparation are required by parties and candidates immediately following the dissolution of parliament, and there is no intent on the part of the committee to suggest a restriction on this type of activity during any prescribed period. The committee suggests, however, that the campaign period need not coincide with the period needed for the establishment of the election machinery.

The report goes on to suggest that parties and candidates be prohibited from campaigning on radio and television before the 29th day before election day. I would presume to go even further than this illustrious body and accept the minister's invitation to constitute every one of us here as an expert. I think this is a good suggestion which was carried through by the special committee on election expenses. They pretty well recommended the same thing, except they declared it should be 29 days.

• (2120)

The report recommended that parties and candidates be prohibited from campaigning, as distinct from preparation for and holding nomination conventions, advertising for workers, and so on, on radio and television, and from using paid print media including newspapers, periodicals, direct mailing, billboards and posters prior to the twenty-ninth day before polling day.

I think both groups have missed a significant point. Once the writ is issued it will be terribly difficult to deal with the days before you would formally commence your campaign. What would you do? Would you go home and knit, or draw pictures in some private book? I believe if the recommendation of the Barbeau committee or of the special committee were followed we would have two campaigns, a kind of phony war for a month and then the real thing for the next month. Both would be costly. I say, and I have said this before, that the time has come to adopt a permanent voters list. It would cost money, of course, but so does enumeration and so will all this legislation.

The permanent list works quite well in other countries. I think with a permanent voters list we could have an election within a month. With modern technology I believe a month is plenty of time. I am convinced that with the campaign period cut in half we would have not only a better and more sustained campaign, as well as a more highly intensified voters' interest, but we would also be able to cut down expenditures across the board, which is what we are after. This, I think, is a more effective way in which to reduce the cost of campaigns.

I propose to move a reasoned amendment in respect of this measure. Before I present it I wish to reiterate that for the good that is in this bill, we are thankful. We are thankful for the things which are useful, valuable and adaptable. Under reasonable terms and under efficient administration we will lend our support. I regret profoundly that the whole measure has been surrounded with cynicism. I shall not go back into history and into other efforts to reform in this manner, but this particular situation is shocking. This reform began in 1964 when the Barbeau committee was established. The report of that illustrious body was ready in 1966. We had all sorts of appeals to the government in between. What happened? On April 7, 1968, a most auspicious day, the then new Prime Minister was asked this question:

> I wonder if you could tell us, coming back to this election expenses matter, whether you intend to do anything about implementing the report of the election expenses committee. It seems to me this is rather fundamental to the just society which you mentioned.

The year 1968 was the year of the just society. This was the Prime Minister's answer:

> I agree. Top priority. Next Speech from the Throne.

The verve, the enthusiasm, the high gear of 1968 has sloughed and slumbered. The special committee reported months and months ago. People have been asking when we will have the legislation. The minister never told us it was in his pocket. I do not think it was in his pocket. I think it is impending, cloudy events which has caused them to look for something a little brighter perhaps than that which went before. I am not enamoured of that method. I find inadequacies in the measure and I propose, seconded by the hon. member for Huron (Mr. McKinley) to move the following motion:

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

This House, regretting that government delay in introducing Bill C-211 prevents the full operation of a measure dealing with election expenses before January 1, 1973, and that the bill fails to provide for adequate reform, declines to pass a bill which does not take advantage of present day advances in the mass media and transportation which would provide for a shorter election period and thereby, amongst other things, substantially reduce election expenses.

Mr. Speaker: Order, please. The hon. member for Hillsborough (Mr. Macquarrie) may appreciate that the Chair would have procedural reservations about an amendment of this nature. I have had occasion during the past few weeks, when there has been a proliferation of amendments of this kind, to indicate that to my way of thinking hon. members are really attempting from time to time under the guise of so-called reasoned amendments to bring in substantive motions.

Hon. members know well, or will find out if they study the history of procedure in the Canadian House and in the British House, that reasoned amendments are a very limited type which can be proposed and accepted procedurally. Traditionally, in our British parliamentary system there are really only very few amendments which can be proposed at the second reading stage, essentially an instruction to a committee or a three-month or six-month hoist. The so-called reasoned amendment is intended to give a member an opportunity to place on the record the reason he is opposed to the principle of a bill and why the people on whose behalf he is addressing the House will oppose the bill and vote against it.

I notice we have tended to stray from this principle to the extent that just recently we had a reasoned amendment proposed by a member of the House who later voted in favour of the bill, which is pure heresy so far as procedure is concerned. There is no doubt whatsoever that a reasoned amendment can only be an indication for the record as to why a member or a party intends to vote against the principle of a bill.

I find it difficult to recognize in this proposed amendment the essentials of a so-called reasoned amendment. Mind you, if we look for precedents we will find precious few because in the history of procedure in our House there have been very few reasoned amendments proposed. I suggest that for some strange reason it seems that in recent weeks and months hon. members have been taken with the idea that perhaps a reasoned amendment is a good way in which to propose a substantive motion which very often does not bear too much immediate and essential relevancy to the principle of the bill.

[Mr. Macquarrie.]

I wonder whether that is a good practice. I fear very much that we could become involved in an entirely new principle or method of amending a motion for the second or third reading of bills. Before accepting this amendment I should like to look at it very closely. But before I do that I will be very pleased to hear arguments which might be submitted for the consideration of the Chair, either in support of the procedural aspect of the amendment or in opposition to it, which I would be glad to take into consideration.

• (2130)

Mr. MacEachen: Your Honour, I was notified this afternoon by the hon. member for Peace River (Mr. Baldwin) that it was proposed to move a reasoned amendment. I indicated to him that probably because of the reasons Your Honour has mentioned—and he was aware of them—there might be some discussion as to the validity of the amendment. He put forward the proposal that we might defer any consideration of the arguments pro and con until he could be in the House tomorrow to deal with the procedural aspects for the opposition. That is quite agreeable to me and, I hope, to other hon. members.

Mr. Knowles (Winnipeg North Centre): Agreed.

Mr. Speaker: This is an excellent suggestion, because I feel that some day we will have to look at this idea of reasoned amendments and among ourselves agree whether it is the type of situation into which we want to get. I have serious doubts about whether we should allow the House to drift procedurally to the position where any amendment can be moved on second reading; I think this would be very regrettable from a procedural standpoint.

Mr. Les Benjamin (Regina-Lake Centre): Mr. Speaker, I am pleased that discussion on the validity of the amendment is deferred until tomorrow because hon. members have been using up my time for the last five minutes. I begin by paying tribute to the special committee of the House which worked for over a year on this matter because, first, I thought it worked extremely well, extremely hard and with a great deal of harmony and, second, because I was a member of that committee.

Mr. Knowles (Winnipeg North Centre): Well put.

Mr. Benjamin: The chairman of that committee, the hon. member for Peel South (Mr. Chappell), did a good job in guiding our deliberations. We had a great many discussions, and even arguments, but never with any ill-feeling. We tried to come up with a report that would be unanimous but unanimous in the sense that it would be a consensus and that each of us, if and when we received the legislation, could stand up and speak on specific points in the report with which we might have disagreed in our committee deliberations. Now, Mr. Speaker, after all the talk of politicians of all parties for so many years we finally have legislation to limit and control election expenses. This bill is welcome if for no other reason than that we are starting to do something about this situation.

The Prime Minister (Mr. Trudeau) has made many statements, one of which the hon. member for Hillsborough (Mr. Macquarrie) quoted, and there are a number of

others on the record about his anxiety to place controls and limitations on election expenses. Since last June 4, when the report of the Special Committee was tabled, on several occasions I have asked both the government House leader and the Prime Minister when we would have this legislation.

It seems to me that if it was the government's intention, as is now apparent in the bill, to accept most if not all of the recommendations of the Barbeau committee and the special committee, the drafting of the legislation could have been done much sooner. It also seems to me that the arguments of the government House leader about the lack of time, pressure of business and the heavy legislative schedule do not hold water since we had time for seven weeks of recess at Christmas, two weeks at Easter and a long summer recess last year. Somewhere in those three periods surely at least two weeks could have been available to deal with this legislation.

I would have some worries and doubts about how much the government means it if an election were called tomorrow, next week or the week after that before this legislation is passed. If that happens, my worries and doubts will have been proven valid. We will then know that the intention of the government was not to have legislation passed before the next general election but to have a bill that its candidates could wave in the air during the campaign. In that event it would be the basest kind of political cynicism and political perversion. I hope I am wrong; I hope with all my heart that it is the government's intention to have this legislation passed.

If by chance no election is called until November, December, or January or February of next year, then there is no good reason why this legislation could not be in effect for the next general election, even though there is a provision in the Canada Elections Act that six months must elapse. I point out that there is an exception, that where the Chief Electoral Officer advertises to the effect in the *Canada Gazette* that he is ready to go ahead, then the provisions of this bill can be implemented in a period sooner than six months. I suspect that he would probably need at least four or five months to ;implement this kind of legislation.

My first remark about the bill itself are that we will support it in principle. I was pleased to hear the governement House leader say that he has an open mind on this matter and that he would be willing to listen to and possibly implement worthy suggestions put forward by members in all parties. I was pleased to hear him say that because I want to point out to the House a large hole in this legislation, one mentioned also by the hon. member for Hillsborough. There is no provision in the bill to put any limitation on party spending. Mr. Speaker, that in effect nullifies the whole purpose of legislation to limit and control election expenses. If my memory serves me correctly, this is one item on which members of the special committee were unanimous, and in its report the committee said:

> The Barbeau committee did not recommend any general limitations on expenditures by parties. However, your committee considers that imposing limitations on candidate's expenditures would not be as effective if limitations were not also imposed on parties' expenditures. Therefore, the committee considers that its proposal to limit candidates' expenditures is closely related to its proposal to limit parties' expenditures.

Not limiting party expenditures not only nullifies the purpose and principle of legislation to control election expenses but it causes me to have worries and doubts about whether the government really means it when it talks about controlling and limiting expenses. I still have a fear that the old-line parties cannot bring themselves to part with their corporate bagmen, or at least reduce the amount that those bagmen need to get, because with no limit on party spending the bagmen can operate at full-steam as before.

We had a great deal of harmonious discussion on this matter, members of all parties expressed their concern about it and the committee recommended a limit of 30 cents per elector in the aggregate of the electoral districts in which each party ran candidates. If a party ran a full slate of 264 candidates, a limitation of 30 cents per elector in all of Canada, with some 14 million electors according to the June, 1971, census, would mean that each party would have a limit of $4,200,000 it could spend. Surely that should be enough. In the committee I argued that 30 cents was too high and spoke in favour of 20 cents; other hon. members wanted 35 cents or 40 cents. We ended up with a compromise and recommended 30 cents.

• (2140)

Even $4,200,000 would probably cut the Liberals down by $2½ million or $3 million, and the Tories perhaps by a million or a million and a half. At least it would put the limit on, because without that limit the party can spend money in any and all constituencies in the country without mentioning a candidate's name, for the aid and comfort of the party. I hope the minister and the government will agree to an amendment when this bill reaches committee to insert the recommendation of the special committee to limit party expenditures to 30 cents per elector, which can be a maximum of $4,200,000. I may catch heck from some of my colleagues for this. I think that is really too much, but at least it is a limit. With rising costs it may well be that two or three elections from now it will not be too much, but surely at this time it should be enough.

On the other hand, Mr. Speaker, we limit candidates. The recommendations of the committee were adopted word for word in this bill and I am grateful to the minister and the government for that. I am sure all members of the committee will feel complimented that the government accepted the entire recommendations on the limitation in respect of candidates. I have a feeling that the minister's figures on how much the limits would be were slightly out for some of the ridings he cited. I do not think he was using the latest figures; I think they were 5,000 or 10,000 low for each riding, though I may be mistaken. For 60,000 electors the limit for the candidate would be $28,750, for 80,000 electors the limit would be $33,750 and for a riding with 100,000 electors it would be $38,750.

Mr. Speaker, when the committee met I felt this was too generous and I said so, but others wanted higher limits. One or two members of the committee agreed with lower limits but we ended up with these. It may well be that two or three elections from now, with rising costs, those limits also will not be too high. It is a kind of political chicanery

if we limit candidates but do not limit parties. Parties can spend more on many things in provinces, regions and constituencies. Money can be spread around and cannot be proven to have been spent on behalf of any one candidate. What saddens me is that in traditional fashion the Liberal government can take a good principle, bring in legislation incorporating that principle and then proceed to pervert it with the provisions in the legislation.

Another item I should like to talk about is reimbursement. At least this provision is in the bill. Since 1933 my party has been advocating controls on levels of election expenses and reimbursement from the national wealth for election costs. What the government proposes is of most benefit to the well-heeled candidate; the poor candidate benefits least. A candidate is eligible for reimbursement if he receives 20 per cent of the valid votes cast. The committee recommended this, but I felt that 20 per cent of the valid votes cast was too harsh; I held out for 10 per cent and then for 12½ per cent, and got to 15 per cent but was unable to persuade my colleagues on the committee. So 20 per cent of the valid votes cast was agreed upon.

Mr. Speaker, I contended then and I do now that any candidate who receives 10 per cent, 12 per cent or 15 per cent of the vote is not a nuisance candidate and should be entitled to some reimbursement. I regret that the government did not accept the committee's recommendation for the formula of reimbursement and I hope that it will when the bill gets to committee. The formula proposed by the government is intrinsically unfair, I think. The bill's formula proposes reimbursement in the aggregate of one-quarter of the candidate's election expenses and in the schedule III ridings, travel expenses plus $250. The committee recommended reimbursement for one first-class mailing per elector, which is eight cents per elector, three cents per elector for printing costs, five cents per elector for other campaign expenses for the first 25,000 electors, and three cents per elector for all over 25,000 electors.

Let us take my own constituency of Regina-Lake Centre as an example. As of June last year there were 63,036 electors 18 years of age and over. I might also tell you, Mr. Speaker, that it is a terrific, wonderful riding, with wonderful people—it also has 373 more women than men. Candidates in my constituency will be limited to spending $29,500. Under the government's formula for reimbursement they will be eligible for $7,625 if they spend the maximum and if they receive 20 per cent of the valid votes cast.

Under the committee's formula, Mr. Speaker, the qualifying candidate who received 20 per cent or more of the vote would be eligible for reimbursement of $8,070, about $400 more, provided the reimbursement did not exceed the total amount that the candidate actually spent. Therefore, a candidate without financial resources who received 20 per cent of the vote and who was only able to spend $5,000 would be eligible for a $5,000 reimbursement and still might lose his deposit of $200.

Surely this is fair play, Mr. Speaker; it equalizes the fight between candidates who have little or no financial resources and those who have all the resources they need. I submit that this is also a cheaper way of doing it, for the voters will pay through the national treasury less than they will pay through the corporate contributions given to the old parties in this country. It would help to provide more freedom and equality in our electoral processes.

The third item I wish to mention is disclosure. I said that my party has advocated this since its founding in 1933. On the basis of political contributions honestly given, there is nothing to hide. My party has always prided itself—maybe sometimes we have sounded somewhat obnoxious and pure about it, but we think it is justifiable pride—that since 1933 we have printed annually the financial statements of our national party, the provincial sections of the party and provincial constituency associations of the party right across Canada. We have not made public the names of individual contributors unless they do it themselves. I hope no one will think that makes us sound hypocritical because we have always advocated full disclosure. However, we have always felt that it would be unfair to disclose the names of our contributors when there is no requirement on the other parties to do the same.

Mr. Speaker, the committee recommended a modified disclosure. I personally accepted the recommendation of the committee, though again I may get heck from some of my colleagues for that. There is one other thing that should be in the modified disclosure. Where reports are sent to the Minister of National Revenue for those contributions which would be eligible as tax deductions, and to the Chief Electoral Officer where the two reports do not jibe and where there is an obvious and blatant evasion of the elections act, the names of the contributors to that particular candidate, that particular party and that particular constituency would have to be made public. That in itself would serve as a deterrent of sufficient degree to cause any party or any candidate to be extra careful and ensure that there is not any hanky-panky with income tax receipts. There would be no juggling of books as between what was reported to the Chief Electoral Officer and what was reported to the Minister of National Revenue.

• (2150)

The committee recommended that contributions from foreign corporations, unions and foreign citizens be prohibited. We made that recommendation because we felt it was consistent because the elections act provides now that no non-resident corporation or individual may participate in a federal election campaign. I hope the minister will agree to an amendment in the area of contributions from foreign corporations, unions and citizens so that they will not be permitted and not be eligible for tax deductions. These should not be allowed in any case.

I submit that where violations occur when the Minister of National Revenue and the Chief Electoral Officer are comparing the two sets of reports, under the law the Minister of National Revenue should be allowed to disclose the names of contributors. The glare of publicity and shame that would fall upon that candidate and his party would be sufficient for then and ever after to prevent violations of the law as it pertains to election expenses and living up to our election legislation.

We are generally pleased with the provisions for broadcasting. This is another way of limiting the costs of election. There is one area where the paste-pot missed. In this, I agree with the hon. member for Hillsborough. While

there are limits for parties, there do not appear to be limits for candidates. Since there is no limit on the parties with regard to the funds they can raise, and there is no limit on the candidates as to how much television, radio and newspaper advertising they can buy, what is to prevent the party siphoning money into riding after riding for candidates to spend up to the limits which they are allowed on advertising? The bill is inconsistent in this respect.

Some provision has to be incorporated in the bill limiting the candidates as well as the parties in the broadcasting field. On the one hand we do not limit parties and limit the candidates when it comes to funds and on the other we limit the parties but do not limit the candidates when it comes to broadcasting. I hope the government House leader will agree that these inconsistencies need to be ironed out in committee.

With regard to shortening the election campaign, I submit that what the special committee really had in mind, if I may say this so to the hon. member for Hillsborough, was that 56 to 59 days campaign time is not too short. It is barely sufficient time for the Chief Electoral Officer to prepare and for party organizations to prepare for and conduct their campaigns. If you are really going to campaign among the people, call on them, and if our election is to be something more than radio, television and newspaper advertising, you require six to seven weeks. This is necessary if you are to meet thousands of electors.

The committee felt, and I feel, that the public is not demanding a shortening of campaigns, a shortening of the time between the writs being issued and the election date but a shortening of the time in which they are bombarded with television, radio and newspaper advertising ad nauseam until they are so fed up they pay no attention to the political issues. We urge that the length of time during which broadcasting may be carried out should be limited to the last four weeks of the campaign. This is why we said 29 days. If you knock off the day of prohibition, there are 28 days in which broadcasting and advertising can be permitted. A shortening of the campaign for broadcasting time is feasible and it is what the majority of the public want.

We were disregarded when we suggested offering tax credits for income tax payers. I find this strange, when Mr. Carter proposed tax credits instead of exemptions and when tax credits were advocated in this House for individual citizens instead of exemptions, that the government said it cannot be done. However, the government finds it is something different when it comes to tax credits for corporations in other areas. How we have tax credits for political contributions. All of a sudden, it can be done.

I suspect that whether you allow political contributions as deductions from net income for income tax purposes or whether you allow a tax credit, in terms of dollars to the national treasury and in terms of savings to taxpayers it is six of one and half a dozen of another. May I illustrate my point by saying the committee recommended that a citizen be allowed to deduct from net income up to $1,000 a year for a contribution to a party, and in an election year an additional $1,000 a year contribution to a candidate. In an election year he could deduct $2,000 from his net income. If your tax rate is 25 per cent, you save $500 on income tax. The bill proposes allowing a $500 tax credit as a maximum. In dollars and cents, it does not make very much difference. However, it is encouraging in a sense that maybe this kind of move to tax credits will speed up the day when we have tax credits in our income tax law for the individual taxpayer, instead of exemptions.

I submit there are three areas that are most urgent and require scrutiny. First, the area of disclosure. If the government cannot and will not agree to full disclosure of all political contributors, I hope it will at least agree to a furthering of the modified disclosure provisions in the bill. Where there is a violation of the election law, the names of contributors to that candidate, that party in that constituency would be made public.

The second area is that of reimbursement. I hope the minister will agree to drop the government's formula and include in the bill the formula recommended by the committee. I submit it is much more fair. It does not discriminate against the candidate who has limited or no financial resources. It provides for a more equal and fair reimbursement for all candidates provided they qualify under provision concerning 20 per cent of the votes cast. I hope the minister will consider lowering that 20 per cent floor to at least 15 per cent. In fact, I hope he will agree that any candidate who gets 10, 12 or 15 per cent of the popular vote is not a nuisance candidate and should be entitled to reimbursement.

Finally, and in my opinion most importantly, I say to the government House leader it is a "must" that we incorporate an additional clause in the bill to provide for a limitation on parties the same as is provided for candidates. Unless we have a limitation on parties' expenditures, the whole intent, purpose and most of the principle of the legislation is nullified or set aside. We are asking for abuse. In future elections, politics and politicians will be brought into even more disrepute by the citizens of this country.

May I call it ten o'clock Mr. Speaker?

PROCEEDINGS ON ADJOURNMENT MOTION

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

PUBLIC WORKS—RECONSIDERATION OF PROPOSED NORTHUMBERLAND CAUSEWAY

Mr. Heath Macquarrie (Hillsborough): Mr. Speaker, on May 1 I asked the Minister of Public Works (Mr. Dubé) if, in the new era of prime ministerial largesse, reconsideration was being given to the construction of the Northumberland causeway. This, of course, is a project on which the government repudiated its commitments. But it was in light of great promises of billion dollar corridors to the north that I asked if the much less costly Northumberland causeway, so long promised, would now be built, or completed since $20 million has already been spent on it.

• (2200)

I was interested in the minister's reply. He almost let the cat out of the bag when he said:

—the people of that island province are appreciating and enjoying what has replaced that project, namely, considerable federal assistance under the department of my colleague the Minister of Regional Economic Expansion.

He was referring, of course, to the development plan which many islanders regard as the alternative to the promised causeway. The minister skilfully avoided confirming this view embodied in my supplementary question. Apart from the fact that under the development plan, Prince Edward Island has reached new highs both in unemployment and cost of living, the bartering of one for the other was not a good trade even in the beginning. The development plan requires that the province, the weaker, smaller, poorer partner, shall provide over two-thirds of the cost. That was not, in my view, particularly shrewd bargaining on the part of the province.

But it is not just because the Dominion government is obligated to provide 100 per cent of the cost of a causeway that I recall the potential value which it possesses. Along with many colleagues from Prince Edward Island and elsewhere, I have down through the years set out the advantages in economics and transportation which would flow from the construction of a permanent land link between Prince Edward Island and the mainland. With the rapidly increasing number of tourists to Prince Edward Island there can be little doubt that existing ferry facilities at Borden and Tormentine are destined to become inadequate.

One of the ships on the run, the sturdy icebreaker *Abequest*, is at the quarter century mark. I was surprised to learn that no definite plans are under way for the addition of new ships to the service. I do not wish to see us fall behind in meeting transportation needs on this route. The only adequate answer, of course, is the provision of a permanent link. Modern technology can construct it, the needs of the day require it, and if the government has the requisite foresight it will repudiate its own repudiation and begin to get on with the job of providing it.

Mr. Allen B. Sulatycky (Parliamentary Secretary to Minister of Indian Affairs and Northern Development): Mr. Speaker, I have a short answer for the hon. member for Hillsborough (Mr. Macquarrie). A meeting was held in the first week of May at which a Prince Edward Island-New Brunswick delegation made representations concerning the Northumberland Strait crossing. Senior federal government officials met with the provincial delegates to listen to a proposal which was presented at that time. However, due to a number of points in the proposal which were not clear the delegation was asked to review its position with a view to having a further meeting in the near future.

[Mr. Macquarrie.]

SUPPLY AND SERVICES—TRANSFER FROM REGINA TO WINNIPEG OF AUDIT SERVICES BUREAU—REQUEST FOR RECONSIDERATION

Mr. John Burton (Regina East): Mr. Speaker, on May 10 I asked the Minister of Supply and Services (Mr. Richardson) the following question:

In view of the minister's expressed interest in the dispersal of government facilities geographically, would he undertake to review the decision of his department to close the audit services bureau in Regina and transfer it to Winnipeg?

Unfortunately, the minister did not have the opportunity to reply to my question because Mr. Speaker ruled it could not be considered at that time. I am glad to see the minister in his seat and look forward to hearing welcome news affecting Regina when he speaks. As I understand the situation, Mr. Speaker, on June 4 the audit services Bureau of the Department of Supply and Services in Regina is to be closed and the employees are to be transferred to Winnipeg. From then on the services provided through that office are to be provided from the Winnipeg office.

Actually, many of the services now provided by the Regina office will be provided by the employees concerned who will travel from Winnipeg to Regina. They will incur expenses and there will be much dislocation. They will conduct their audit work and then proceed back to Winnipeg. I fail to see how the government can save money from such a move. In addition it is possible, I understand, for some employees now connected with that office who are not in professional categories to encounter certain problems as a result of the dislocation which will take place.

I want to take note of the minister's expressed interest in the dispersal of government facilities throughout Canada. I commend him for his interest and know he has taken a particular interest in seeing that some facilities are moved to Winnipeg.

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

An hon. Member: Shame!

Mr. Burton: Since the minister comes from Winnipeg, I cannot blame him for his action. I can even understand that the hon. member for Winnipeg North Centre (Mr. Knowles) and the hon. member for Winnipeg North (Mr. Orlikow), both of whom are present, also take an interest in this matter.

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

An hon. Member: Shame!

Mr. Burton: I know the minister has succeeded in making sure that the expansion of the Canadian Mint will take place in Winnipeg. I commend him for his interest on behalf of his home community in that regard. Yet I ask the minister, is there any need to pick on Regina? Regina is a little smaller than Winnipeg. It is a better city than Winnipeg, although a little smaller. A small number of federal employees are to be found in the city. I think the minister might have some consideration for the needs of Regina and also consider the economics of the situation.

I hope that when the minister rises to speak we shall hear welcome news from him, that his department has reconsidered its decision in this regard and has decided, wisely, to leave the audit services bureau, as well as other facilities, in Regina.

Hon. James Richardson (Minister of Supply and Services): Mr. Speaker, I should like to assure the hon. member for Regina East (Mr. Burton) that one thing I am certainly not doing is picking on Regina in any decision that is being made in the reorganization of our audit services. I can say to him that following the question he raised in the House a few days ago during the question period, I undertook a review of the changes in the structure of our audit services. As a result, I am now able to respond in some detail concerning the matter in which he is interested.

First of all, I can say there has been no decision taken to close our audit services bureau in Regina as was, I believe, indicated in the hon. member's question. It is the policy of the department to maintain professional audit representation in every provincial capital and that, of course, includes Regina. It is true that more than a year ago we made a decision to strengthen the audit services bureau in the regional offices, that is, in Edmonton and in Winnipeg. Regina has been an area office, not a regional one. This decision was taken on the recommendation of the director-general of the audit services bureau. The main purpose was, and is, to increase the professional quality and efficiency of our audit operations.

My review of this matter indicates that these changes have been undertaken with a minimum of disruption to the personnel involved. I am advised that one employee from Regina has moved to Edmonton, that two employees who wished to remain in Regina have been assisted in making suitable transfers to other federal government departments in Regina, and that one employee has been transferred to Winnipeg.

I can say, further, that this policy of strengthening the audit services bureau in the regional offices in the west is consistent with the policy we have followed in the Maritimes where our audit services bureau is now centred in Halifax. I think the hon. member will realize from the review which I have described that the personnel involved in this reorganization have been very few in number. I hope he will also recognize that these changes have been made in order to strengthen and improve our audit services in western Canada.

• (2210)

AGRICULTURE—DECREASE IN NUMBER OF FARMS BETWEEN 1966 AND 1971—PROGRAMS TO STOP OR REVERSE TREND

Mr. Lorne Nystrom (Yorkton-Melville): Mr. Speaker, my question in many ways is similar to that of the hon. member for Regina East (Mr. Burton). The hon. member claimed that the government was picking on Regina and I claim that the government is picking on the small farmer. On May 2 I put a question to the Minister of Agriculture (Mr. Olson) as follows:

In view of the startling revelation in the census that the number of farms in Canada dropped by 15 per cent between 1966 and 1971—a very serious situation—can the minister say whether he is now contemplating any new programs that will stop that trend or hopefully reverse it in certain areas?

The minister replied:

Mr. Speaker, the very significant upturn in incomes of farmers between 1970 and 1971 will, I think, have a profound effect on this.

I felt that that was an inadequate answer and this is why I want to pursue the matter for a few moments tonight. First of all, the real net increase of farmers in Canada has not gone up very much in the last year, contrary to what the minister claims. I believe the increase has been about 10 per cent in terms of real net income, still lower than it was five to six years ago, despite the fact that costs of production have gone up drastically.

I also point out that over the last ten years farmers have gone into debt. The year 1970 was one of the worst years on record, almost as bad as some of the years in the thirties, when it comes to the question of farm income. In the province of Saskatchewan, for example, the average net realized income of a grain farmer was about $1,000 a year, way below the poverty line. The Minister of Agriculture's statement that there has been an increase over 1970 is really not worth a crop of beans.

To prove my point, all we need do is look at farm debt. The Farm Credit Corporation bill was debated in this House a few days ago. We find that a very high percentage of loans made by the FCC are now in arrears. Farmers in my constituency have taken out cash advances and are experiencing difficulty paying them back. Many farmers in my riding are at the point of bankruptcy or in financial difficulty, and they see no way out.

The second thing I am concerned about is that while we watch this trend continuing so rapidly we are seeing a whole segment of Canadian society being destroyed before our eyes. Each and every year small farmers are being forced off the land and this in turn causes the population of villages, towns and small cities to dwindle. In the last five years in Saskatchewan only one town out of dozens had an increase in population, the town of Moosomin, but this is located along the Trans-Canada highway and benefits from the tourist trade. Other towns suffered a decline in population—indeed, some of the small cities as well—and this solely because of the severe recession in the agricultural industry.

Let me refer to a few statistics which I think illustrate the serious problem that is confronting rural Canada. Between 1966 and 1971 the number of farms in Canada declined by 15 per cent, from roughly 430,500 to 366,000. These are the census figures as at May 1 of this year. In the province of Saskatchewan the number of farms decreased from 85,686 to 76,970, a drop of 10.2 per cent. In Manitoba the number went down by 12 per cent, in Alberta by 9.7 per cent, in the province of Quebec by 23.7 per cent, in Nova Scotia by 37.6 per cent, in New Brunswick by 37 per cent.

I suggest the number of farmers being forced off the land gives cause for serious concern and is something to which we shall have to turn our attention if we are to save, preserve and stimulate the rural areas of Canada which I suggest are a very important and vital part of our way of life, socially, economically and culturally. Many things

can be done to bring this about. First of all, we could put much more federal money into agriculture and support the prices of farm commodities. We could take a similar step to the measures taken by the Saskatchewan government and establish a land bank whereby the government would purchase land from older farmers who wished to sell, in turn leasing or selling the land to younger people who want to start farming or to small farmers who need another half section or quarter section in order to have a viable farm unit. This is something one province is trying to do by itself, and with co-operation from Ottawa it could go much further.

All farm organizations were very disappointed at the budget brought down in this House a few days ago, because it handed out concessions to the manufacturing companies but had nothing for the farmers. In my view the farmers are the prime producers in this country and are among the best consumers we have. If we put more money into agriculture it would stimulate the entire economy. This matter concerns me because in my constituency I have hundreds and hundreds of small farmers, many with their backs up against the wall, totally disillusioned with this government and its policies. It is these people who are demanding explanations, and it is the children of these people about whom I am concerned because they are being forced off the land and into circumstances of poverty.

Mr. Allen B. Sulatycky (Parliamentary Secretary to Minister of Indian Affairs and Northern Development): Mr. Speaker, the hon. member has quite correctly stated that according to the census the number of farmers has declined by 15 per cent. However, he neglected to mention that the land area devoted to agriculture has remained essentially constant. It should also be noted that the annual decline in the number of farms has been about the same for the past 30 years, so this is something that has not just developed.

I am not sure that this general trend can be stopped, although as the Minister of Agriculture (Mr. Olson) previously mentioned the significant increase in farm income will no doubt have some effect in this regard. The government anticipated this trend some time ago and recognized that as this adjustment and change was occurring there were some hardships being placed upon the people involved, the hard working rural people who have been the backbone of this country since its beginning.

To help overcome some of these problems, this government introduced its small farm development policy and has placed a great deal of emphasis on it. This is the policy which does some of the things the hon. member suggests we should be doing. It is a program designed to make it easier for these individuals who want to stay in agriculture and expand or adjust their operations by providing special credit facilities, and make it easier for those who decide to retire from agriculture or try their hand at another occupation by providing, among other things, grants in addition to the resale value of their property. Officials of the Department of Agriculture are working diligently with their provincial colleagues to arrive at the necessary federal-provincial agreement which will make it possible to put this program into effect.

As the hon. member may be aware, more emphasis is now being placed on the marketing aspect of agriculture which, it is anticipated, will improve the income position of farmers and thus encourage those contemplating leaving agriculture solely on the basis of income, to stay. The age of our farmers has a lot to do with the number of farms disposed of each year and the government is meeting this problem head-on by changes in the Farm Credit Act currently being considered in committee which would, among other things, make it possible for 18-year olds to obtain loans. Time does not permit me to go into the many other programs designed by the government to assist the family farm.

Motion agreed to and the House adjourned at 10.20 p.m.

HOUSE OF COMMONS

Friday, May 19, 1972

The House met at 11 a.m.

ROUTINE PROCEEDINGS

NORTHERN AFFAIRS

YUKON TERRITORIAL COUNCIL—REQUEST FOR UNANIMOUS CONSENT TO MOVE MOTION UNDER S.O. 43

Mr. Erik Nielsen (Yukon): Mr. Speaker, I seek unanimous consent to propose a motion under Standing Order 43 based on a deteriorating situation in the Yukon with respect to the operation of the Yukon Territorial Council. The situation is worsening to the point where 250 people jammed the corridors and hallways of the council building at the last session. Therein lies the urgency and the oppressive system that continues to exist has to be relieved. I would therefore move, seconded by the hon. member for Brandon-Souris (Mr. Dinsdale):

That the petition signed by 4,626 Yukon citizens being 60 per cent of the total number of eligible electors enumerated on the list of electors for the Yukon Territory for the 1968 federal election and presented to His Excellency the Governor General praying that the Yukon Territorial Council be dissolved forthwith and that a new election be held be referred to the Standing Committee on Indian Affairs and Northern Development with instructions that the said committee proceed to the Yukon Territory, there to hold public meetings for the purpose of inquiring into the complaints and grievances of the residents of the Yukon as set forth in the said petition, and to report thereon to this House with the least possible delay.

Mr. Speaker: The hon. member's motion is proposed under the terms of Standing Order 43 and requires unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

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

Some hon. Members: Oh, oh!

Mr. Ryan: Mr. Speaker, I wish to propose a motion—

Mr. Nielsen: Mr. Speaker, I believe the Prime Minister said no.

Mr. Baldwin: If you fellows sat over on this side, you would know how to say yes.

• (1110)

Mr. Speaker: Order, please. We are still on motions. I believe the hon. member for Spadina wishes to present a motion under the terms of Standing Order 43.

YOUTH

PROJECT SELECTION CRITERIA, OPPORTUNITIES FOR YOUTH PROGRAM—REQUEST FOR UNANIMOUS CONSENT TO MOVE MOTION UNDER S.O. 43

Mr. S. Perry Ryan (Spadina): Mr. Speaker, pursuant to Standing Order 43 I ask the unanimous consent of the House to propose a motion of urgent and pressing necessity.

This matter concerns the criteria for the selection of projects for opportunities for youth grants, or the application of the criteria. This subject requires immediate consideration by the House in view of the rejection of the University of Toronto application for funds to build a pollution-free electrical car for the urban vehicle design competition and the acceptance for funding of similar projects in British Columbia and Manitoba. I therefore propose to move, seconded by the hon. member for Hamilton West (Mr. Alexander):

That this House do now refer the criteria for the selection and funding of opportunities for youth grants to the Standing Committee on Broadcasting, Films and Assistance to the Arts and report back to the House thereon within one week.

Mr. Speaker: Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

Mr. Speaker: The motion cannot be put.

ORAL QUESTION PERIOD

FISHERIES

DEPLOYMENT OF DEFENCE AIRCRAFT AND VESSELS TO PROTECT FISHERMEN'S GEAR FROM HARASSMENT BY FOREIGN TRAWLERS OFF EAST COAST

Mr. James A. McGrath (St. John's East): Mr. Speaker, I have a question for the Minister of National Defence who is hovering somewhere in the ambulatories. I see him now coming over the horizon. My question is prompted by evidence presented yesterday to the Standing Committee on Fisheries and Forestry by a delegation of fishermen from the Newfoundland Fish, Food and Allied Workers Union regarding continuous harassment of gear by foreign trawlers within Canada's 12-mile limit on the east coast. What steps is the Department of National Defence taking to deploy aircraft and surface vessels to the area to protect Canadian nationals and the gear of Canadian fishermen?

Hon. E. J. Benson (Minister of National Defence): Mr. Speaker, to my knowledge we have not been requested by the Department of Fisheries to do so.

Mr. McGrath: May I ask the minister whether reconnaissance is taking place at the present time by aircraft of Maritime Air Command over the area of the east coast of Newfoundland, and is this aerial reconnaissance reporting incursions by foreign trawlers to the appropriate authorities?

Mr. Benson: Mr. Speaker, as the hon. member knows, there is continuous surveillance. No such report has been made to me.

Mr. McGrath: Is the government prepared to give consideration to the deployment of aircraft in eastern Newfoundland which would make aerial reconnaissance much more practical since it would add about 1,000 miles to their range?

Mr. Benson: Mr. Speaker, I appreciate the hon. member's advice on defence strategy.

ACTIVITIES OF FOREIGN FISHERMEN—SUGGESTED EXPANSION OF FISHERIES PROTECTION PATROL

Mr. Lloyd R. Crouse (South Shore): Mr. Speaker, in view of the absence of the Minister of Transport and the Minister of Fisheries, I will direct my supplementary question to the Prime Minister. In view of the obvious lack of proper surveillance, as reported to the fisheries committee yesterday, over the excessive fishing operations which are being carried on within our 12-mile limit off the east coast of Canada, would the Prime Minister consider the expansion of fisheries protection patrol by our ships in that area?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I cannot answer affirmatively because I do not agree with the premise of the question. I believe the Minister of National Defence and the Minister of Fisheries are better equipped than the hon. member to decide whether there should be more surveillance.

* * *

TRADE

REPRESENTATIONS TO UNITED STATES ON CONSEQUENCES FOR CERTAIN COMPANIES OF POSSIBLE IMPOSITION OF COUNTERVAILING DUTIES

Mr. David Lewis (York South): Mr. Speaker, I have some questions for the Minister of Industry, Trade and Commerce. My first question arises out of a statement by the president of the Atlantic Development Council that United States countervailing duties against Canadian imports from companies such as Michelin and McCain Foods on the basis that those companies are in receipt of government grants will seriously endanger development in the Atlantic provinces. On that basis, I ask the minister to inform the House whether the government has made representations to the American administration on this specific point or plans to indicate to them that countervailing duties would have very serious consequences, particularly in the Atlantic provinces?

[Mr. McGrath.]

Hon. Jean-Luc Pepin (Minister of Industry, Trade and Commerce): Mr. Speaker, I am not aware of countervailing against McCain. I am, of course, aware of the countervailing procedures against Michelin. I have already indicated, as has the Minister of Finance, that we shall be making representations, and we have already had discussions with the United States government with respect to the Michelin case.

Mr. Lewis: On the basis of reports that exports of potato granules, for example, which are produced by McCain Foods Limited, are the subject of investigation in Washington, and the apparently general attitude in Washington that products exported by Canadian companies in receipt of government grants are in fact being subsidized and that countervailing duties are justified, may I ask whether the department is studying this entire area and developing some approach to the Americans which might avoid the serious harm that could occur if such duties were applied in a broad way?

Mr. Pepin: Of course we are studying these things all the time. The countervailing and anti-dumping measures presently being taken are taken at the request of companies. I should like to underline the fact that we do the same in Canada; these procedures are not confined to the United States. I should also like to underline the fact that to my knowledge, there is no United States global position against regional development in Canada. It is only when regional development subsidies end up in substantial exports to the United States that opposition is expressed; in other words, it is not a global complaint against regional development through industrial support in Canada. Is that clear?

Mr. Lewis: I do not think it is mud. I think it is very clear. The answer therefore demands the following question. Do I gather from the minister that since there is no global policy, as he calls it, he does not consider the imposition of countervailing duties against products from Michelin and other companies receiving federal grants as an important matter about which his department should be concerned? Is that the impact of the minister's answer?

Mr. Pepin: The hon. member is putting words into my mouth; I thought there were already enough! I simply said that as far as I know there is no United States position against regional development in Canada, against the fact that the Department of Regional Economic Expansion provides support for industrial establishment in certain regions of Canada. It is only when there are substantial exports to the United States that the Americans appear to take objection.

Mr. Speaker: Order, please. The Chair will recognize the hon. member for York South on a further supplementary, but we will have to try to move on.

UNITED STATES DISC PROGRAM—MEASURES TO OFFSET IMPACT—POSSIBLE IMPOSITION OF COUNTERVAILING DUTIES BY CANADA

Mr. David Lewis (York South): May I ask the minister this question. He has told us on a number of occasions that his department and the government are working on contingency plans to deal with any adverse impact of the United States DISC program. Is he now in a position to tell us what some of these plans may be and, in particular, whether the imposition of countervailing duties by Canada against United States imports through DISC is one of the measures being considered?

Hon. Jean-Luc Pepin (Minister of Industry, Trade and Commerce): I thought the hon. member was present the other day when the Minister of Finance read the budget speech which is considered by most interested people as a good reaction to DISC and other export subsidies in other countries in a positive way.

• (1120)

Mr. Speaker: The Chair will recognize the hon. member for Oshawa-Whitby on a supplementary, then the hon. member for Champlain, and we will return to this matter later in the question period.

PROPOSED IMPOSITION BY UNITED STATES OF COUNTERVAILING DUTY AGAINST CERTAIN MICHELIN TIRES—SOURCE OF INITIATIVE

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, my supplementary is addressed to the Minister of Industry, Trade and Commerce. Either the minister or the Minister of Finance said in the past seven days that he would try to find out who initiated the action in the United States against Michelin. Is the minister now in a position to inform the House what company or agency of government initiated this action in Washington.

Hon. Jean-Luc Pepin (Minister of Industry, Trade and Commerce): No, Mr. Speaker, I am not in a position to say that. Besides, I think I should leave the matter to the Minister of Finance.

Mr. Broadbent: For the minister's information it was the Goodyear Corporation—

Mr. Speaker: Order, please. The hon. member was recognized for the purpose of asking a question, not to give information to the minister.

VIEWS OF OTHER TIRE COMPANIES ON DUTY-FREE IMPORT

Mr. Edward Broadbent (Oshawa-Whitby): Has the minister received the views of the Goodyear Corporation, Uniroyal and the Dunlop Corporation, to name three firms located in Ontario and Quebec, on the Michelin case, especially concerning the right to give them tariff-free entry to the Canadian market during a limited period of time? If so, what were their views on that issue and what was the response of the government?

Inquiries of the Ministry

Hon. Jean-Luc Pepin (Minister of Industry, Trade and Commerce): In a nutshell, Mr. Speaker, for a long period of time my department was trying to develop a tire plan that would incorporate some of the features of the Michelin arrangement by which certain types of tires could be imported free of tariff into Canada if more exports of certain other types of tires took place. For about a full year we tried to develop such a plan, but the companies were not particularly favourable to it. Discussions continued. We were hoping to come to some conclusions as a result of these discussions in view of the relative uncertainty accompanying the Michelin situation at this time, so we think we should hold off further discussions on the subject—

Mr. Speaker: Order, please. The minister said he would reply in a nutshell. It is a sizeable nut.

* * *

[*Translation*]

SOCIAL SECURITY

DISCUSSION BETWEEN OTTAWA AND QUEBEC TO CO-ORDINATE PROGRAMS

Mr. René Matte (Champlain): Mr. Speaker, I should like to put a question to the right hon. Prime Minister.

The clarifying statement made by the Prime Minister yesterday with regard to the Quebec government having convinced no one, does he intend to follow up his intentions in the near future by accepting to meet his opposite number in Quebec as well as minister Castonguay, with a view to reconsidering the federal government position concerning possible agreements in the field of social affairs?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I agree with the hon. member. The opinion I expressed yesterday convinced almost no one because the citizens of the province of Quebec were already massively convinced of what I said, except for a few scattered créditistes and separatists.

* * *

[*English*]

DRUGS

LE DAIN COMMISSION RECOMMENDATION RESPECTING MARIJUANA—COMMUNICATION WITH OTHER COUNTRIES IN LIGHT OF CANADA BEING SIGNATORY TO INTERNATIONAL CONVENTION

Mr. Eldon M. Woolliams (Calgary North): Mr. Speaker, I should have liked to put my question to the Minister of Justice, the Solicitor General or the Secretary of State for External Affairs, but in their absence I shall ask it of the Prime Minister.

Mr. Nielsen: The Solicitor General is here.

Mr. Woolliams: Then he must have just entered the chamber, but I shall put it to the Prime Minister. In light of the fact that we are one of the signatories to the single convention on narcotic drugs, has there been any com-

munication with any of the other signatories in reference to this agreement, particularly in view of the fact that Le Dain has now recommended the legalization of marijuana? As Canada is one of the signatories to that agreement which opposes legalization, has there been any communication at this time with any other nation?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I will be pleased to take notice of this question on behalf of the ministers.

LE DAIN COMMISSION RECOMMENDATION RESPECTING MARIJUANA—INQUIRY AS TO INSTRUCTIONS TO CROWN AGENTS AND RCMP

Mr. Eldon M. Woolliams (Calgary North): May I put this question to the Solicitor General, Mr. Speaker. In light of the fact that in the Le Dain Commission report there are three different kinds of recommendations, has the Solicitor General issued any special instructions to agents of the Crown under the Attorney General of Canada with reference to sentences so as to make certain that those who are convicted of or plead guilty to a charge of being in possession of or using marijuana will be fined rather than sentenced to jail or penitentiary?

[*Translation*]

Hon. Jean-Pierre Goyer (Solicitor General): No, Mr. Speaker, those duties belong to the Minister of Justice, but I would be happy to know which of the three recommendations of the Le Dain report is supported by the opposition.

[*English*]

Mr. Woolliams: Mr. Speaker, may I ask one further question which I think the Solicitor General will find within his jurisdiction? Have there been any special instructions issued to the RCMP, who have special jurisdiction in reference to narcotic control, that they should no longer use the incognito association methods they have used in the past in order to get evidence and convictions in reference particularly to possession and use of marijuana?

[*Translation*]

Mr. Goyer: Mr. Speaker, the Royal Canadian Mounted Police has the duty to enforce the law as it now exists.

PRESENTATION OF LEGISLATION RESPECTING MARIJUANA

Mr. Georges Valade (Sainte-Marie): Mr. Speaker, I would like to direct a supplementary to the President of the Privy Council.

Since the Solicitor General just replied that he would like to have the views of opposition members on the Le Dain report, could the minister tell us if the government intends to introduce a bill shortly in the House so that the hon. members may take a position on this report?

[*English*]

Hon. Allan J. MacEachen (President of the Privy Council): No, Mr. Speaker.

Mr. Valade: Why not?

[Mr. Woolliams.]

ELECTIONS

OTTAWA CENTRE—INQUIRY AS TO BY-ELECTION

Mr. G. W. Baldwin (Peace River): Mr. Speaker, I have a question for the Prime Minister which I will attempt to make an honest one.

Some hon. Members: Oh, oh!

Mr. Baldwin: In view of the interesting entry into the other place recently of a former distinguished member of this House, can the Prime Minister assure the House that steps will be taken in so far as Ottawa Centre is concerned to see that a by-election is held there at the same time as by-elections are held in Bonavista-Trinity-Conception and York West?

Right Hon. P. E. Trudeau (Prime Minister): I will certainly consider that, Mr. Speaker, and if the hon. member has any other by-elections in mind I will be pleased to look after them as well.

* * *

HEALTH

SUGGESTED DEVELOPMENT OF ANTI-ALCOHOLISM PROGRAM

Mr. Barry Mather (Surrey-White Rock): Mr. Speaker, I have a question I had hoped to put to the Minister of National Health and Welfare. In his absence I hope you will permit me to ask the question and perhaps some minister will take it as notice. Having in mind the importance the Le Dain Commission has attached to alcoholism in Canada as a major Canadian drug problem, and in view of the fact that the federal government now has a net revenue of more than $1 million a day from the sale of alcohol, will the Minister of National Health and Welfare give consideration to the development of a federal anti-alcoholism program?

Mr. Speaker: Apparently the matter is being considered at the highest level. I believe the hon. member for Spadina has a supplementary to a previous question.

* * *

YOUTH

OPPORTUNITIES FOR YOUTH PROGRAM—REASON FOR REFUSAL OF GRANT TO UNIVERSITY OF TORONTO TO PRODUCE POLLUTION-FREE AUTOMOBILE

Mr. S. Perry Ryan (Spadina): No, Mr. Speaker. I have a question related to the motion I posed earlier and I should like to direct it to the right hon. Prime Minister. It relates to the Opportunities for Youth program. Can he inform the House why the application of the University of Toronto, which sought funds to complete a pollution-free electrical car for the urban vehicle design competition to be held in Michigan in August of this year, was rejected?

Mr. Speaker: Order, please. I have some doubt whether hon. members should be allowed during the question

period to refer to what I understand are the many applications under this program which have been rejected, but this one may be a special case and the Prime Minister may wish to reply to the hon. member's question.

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, the Secretary of State has told the House that there were something like 15,000 or 16,000 requests rejected. I cannot possibly have the answer to all of them in my head, but the Secretary of State has stated previously that anyone who wanted to know why his particular application was rejected would receive an answer in writing if he requested one.

• (1130)

Mr. Ryan: Will the Prime Minister check into this matter in view of its urgency, particularly because similar projects in British Columbia and Manitoba were accepted for funding under the Opportunities for Youth program while at the same time several projects in Ontario were completely rejected? I think it is very important to check into it forthwith.

Mr. Speaker: The hon. member for Yorkton-Melville.

PROGRAMS TO ASSIST NON-STUDENTS—INQUIRY AS TO ANNOUNCEMENT

Mr. Lorne Nystrom (Yorkton-Melville): Mr. Speaker, my supplementary is for the Prime Minister. A couple of weeks ago the Secretary of State indicated he might be announcing some new programs for non-student young people. I should like to ask the Prime Minister whether these programs are ready for announcement and, if so, when the announcement will be made?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I will take notice of the question on behalf of the minister.

SUGGESTED ESTABLISHMENT OF REGIONAL ADVISORY COMMITTEES TO REVIEW OPPORTUNITIES FOR YOUTH AND LOCAL INITIATIVES PROGRAMS

Hon. W. G. Dinsdale (Brandon-Souris): Mr. Speaker, I have a supplementary arising from a resolution of the youth and community assembly convened by the Manitoba Committee of the Canadian Council on Children and Youth recently in the city of Brandon. Would the Prime Minister consider the implementation of the resolution of that assembly requesting that regional advisory committees be set up to review the ad hoc programs of the government such as OFY and LIP with a view to gearing them more closely to community needs?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, if the prologue to the question was addressed to me I am afraid I missed it, but I will take notice of the question and see whether an answer can be provided.

Inquiries of the Ministry

NATIONAL DEFENCE

REQUEST THAT MILITIA RECRUITS' PAY BE RAISED TO MINIMUM WAGE LEVEL

Mr. Kenneth Robinson (Toronto-Lakeshore): Mr. Speaker, I should like to direct a question to the Minister of National Defence. In view of the fact that militia recruits are paid about $1.03 per hour for the time expended by them with the Canadian forces, will the minister consider raising the rates at least to the level of the established federal minimum wage?

Hon. E. J. Benson (Minister of National Defence): Mr. Speaker, the matter is presently under review and I will report to my friend when the review is completed.

Mr. Robinson: Mr. Speaker, in view of the fact that the Department of National Defence is carrying out a study of the pay structure for the militia, will the minister advise when the results will be forthcoming, and will the minister recommend that incentives be provided for re-enlistment and long service?

Mr. Benson: Mr. Speaker, I will be glad to consider my hon. friend's representations.

* * *

TRADE

SUPPORT FOR INDUSTRIES IN MAKING REPRESENTATIONS TO UNITED STATES AGAINST IMPOSITION OF COUNTERVAILING DUTIES OR ANTI-DUMPING ACTION

Mr. Max Saltsman (Waterloo): Mr. Speaker, my question is directed to the Minister of Industry, Trade and Commerce and is supplementary to earlier questions. It deals with the countervailing duties which were under discussion. In a case where duties are levied or anti-dumping action is taken against a Canadian industry as a result of the government's policy of incentive grants, is it the intention of the minister to give support to those industries when they make their representations against these charges?

Hon. Jean-Luc Pepin (Minister of Industry, Trade and Commerce): Mr. Speaker, the question would have to be qualified. What kind of support? Does the hon. member mean financial support or support in presenting their case to United States authorities? If it is the second, indeed we are supporting them.

Mr. Saltsman: Mr. Speaker, to clarify the matter, I was thinking of support going beyond merely the provision of information and whether in fact the department will also provide counsel to those industries and financial support in making their cases?

Mr. Pepin: Mr. Speaker, let us say that for the time being that matter is hypothetical and we will do as best we can to help if the proposed countervailing really ends up in countervailing duties having to be paid.

Mr. Speaker: Order, please. The Chair will now recognize the hon. member for Joliette and possibly return to the hon. member for a supplementary.

Inquiries of the Ministry

[*Translation*]

INDIAN AFFAIRS

JAMES BAY HYDROELECTRIC PROJECT—ASSISTANCE TO INDIANS OPPOSED TO PROJECT

Mr. Roch La Salle (Joliette): Mr. Speaker, I should like to put a question to the Prime Minister.

Recently, a group of Indians from northwestern Quebec were requesting the support of the federal government in order to stop the works on the James Bay project. Can the Prime Minister say whether the government intends to answer this request in the affirmative? If not, can he confirm again that his government is still prepared to co-operate with this project within authorized limits while giving adequate guarantees to the groups concerned?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, the Minister of Indian Affairs and Northern Development has dealt several times with this matter in the House. The hon. member may not have been present yesterday when the minister answered certain questions.

* * *

[*English*]

TRADE

REPRESENTATIONS TO UNITED STATES CONCERNING EFFECT OF IMPOSITION OF COUNTERVAILING DUTY AGAINST MICHELIN TIRES ON REGIONAL DEVELOPMENT PROGRAM

Mr. James A. McGrath (St. John's East): Mr. Speaker, I should like to ask the Minister of Industry, Trade and Commerce if he has had consultations with the Minister of Regional Economic Expansion regarding the implications for the DREE program of the United States threat of countervailing duties on Michelin tires and if he will make representations to the United States government concerning exactly what this means in respect of our regional development program, bearing in mind that other countries exporting to the United States have similar programs?

Hon. Jean-Luc Pepin (Minister of Industry, Trade and Commerce): To my knowledge there is no attack by the United States authorities on regional development in Canada. I repeat what I said previously. I did not have personal discussions with the Minister of Regional Economic Expansion on that subject, but interdepartmental consultations are going on all the time on this particular aspect of regional development and on the Michelin case in particular.

CANADA-UNITED STATES—INQUIRY AS TO NEW AMERICAN PROPOSALS

Mr. H. W. Danforth (Kent-Essex): Mr. Speaker, I should like to direct my question to the Minister of Industry, Trade and Commerce. In view of the fact negotiations on trade between the United States and Canada appear to be in limbo, may I ask the minister whether the United States government has advanced any new proposition to the Canadian government, or whether the Canadian government has shown any initiative in this regard, or are we going to confine ourselves merely to reaction to United States government action?

Mr. Speaker: Order, please. The question of the hon. member is, of course, argumentative. It is certainly not acceptable procedurally.

Mr. Danforth: Mr. Speaker, may I rephrase my question.

Mr. Speaker: It might have been easier to have phrased it correctly in the first instance because we will be running short of time.

Mr. Danforth: As the minister stated in the House that there was a field of disagreement and some irritants between the United States and Canada on trade matters, may I ask him whether the United States has advanced any new proposition or taken any new initiative to solve this perplexing problem?

Hon. Jean-Luc Pepin (Minister of Industry, Trade and Commerce): Mr. Speaker, the Prime Minister said yesterday that no hard discussions had been resumed between Canada and the United States on trade matters. We are looking very carefully for the most aupicious time and circumstances to resume these negotiations.

* * *

INQUIRY OF THE MINISTRY

Mr. Steven E. Paproski (Edmonton Centre): Mr. Speaker, I should like to direct a question to the Prime Minister. Is there any truth in the rumour that the Prime Minister has a very important announcement to make?

Mr. Speaker: Order, please. The hon. member knows that a question cannot be asked in those terms. The hon. member may want to give notice of the question so that we can consider it at the time of adjournment next week.

Some hon. Members: Oh, oh!

Mr. Baldwin: On a point of order—

Mr. Speaker: The hon. member for Peace River rises on a point of order.

Mr. Baldwin: Mr. Speaker, with regard to the question which my hon. friend asked, I simply want to say that the House would be prepared to give unanimous consent to revert to motions if the Prime Minister has an announcement to make.

Mr. Trudeau: On the same point of order, if the Conservative Party could get a few more on the front benches I might consider that.

An hon. Member: It is the quality, not the quantity, that counts.

Some hon. Members: Hear, hear!

Mr. Speaker: There does not appear to be unanimous consent.

ADMINISTRATION OF JUSTICE

PROPOSED PAROLING OF PENITENTIARY INMATES TO HOMES OF SENIOR CITIZENS—INQUIRY AS TO COMPLETION OF STUDY AND ACTION

Mr. John Gilbert (Broadview): Mr. Speaker, my question is directed to the Solicitor General. As the Solicitor General and his departmental officials have been studying the feasibility of the placement of persons released from penal institutions in the homes of senior citizens who are willing and volunteer for the program, has the Solicitor General completed his study of this program, and what action does he intend to take?

[*Translation*]

Hon. Jean-Pierre Goyer (Solicitor General): Mr. Speaker, I met with the members of the pensioners association in Vancouver and they support the program almost unanimously. However, they asked if it would eventually be extended to include all age groups of society. This suggestion is now under consideration in this new perspective.

* * *

• (1140)

NATIONAL DEFENCE

ALLEGED DISCRIMINATION AGAINST FEMALES RESPECTING MOVING COSTS—SUGGESTED AMENDMENT OF ACT

Mr. Albert Béchard (Parliamentary Secretary to Minister of Justice): Mr. Speaker, I have a question for the Minister of National Defence.

Does the Minister or his Department intend to bring in soon amendments to the National Defence Act and Regulations with regard to Canadian Forces personnel in order to do away with what is, in my view, an unacceptable situation and a scandalous discrimination in this age of women's liberation, discrimination—

Mr. Speaker: Order. The hon. member is making a speech. If he wishes to ask a question, he should do so without presenting an argument.

Mr. Béchard: Does the Minister intend to do away with a situation whereby the single female personnel of the Canadian Forces are discriminated against, compared with that of their single or married male companions, with regard to their expenses for moving from one base to another?

[*English*]

Hon. E. J. Benson (Minister of National Defence): Mr. Speaker, I do not admit to the discrimination.

* * *

AIR CANADA

POSITION OF PROPOSED PURCHASE OF TRI-JET AIRCRAFT

Hon. J. A. MacLean (Malpeque): Mr. Speaker, I should like to direct a question to the Minister of Industry, Trade and Commerce. Is the proposed purchase by Air Canada of tri-jet aircraft going forward at a speed sufficient so as not to place in jeopardy subcontracts flowing from this purchase to the Canadian air industry?

Hon. Jean-Luc Pepin (Minister of Industry, Trade and Commerce): I am unacquainted with the matter, Mr. Speaker. I will bring it to the attention of the Minister of Transport immediately.

* * *

POLLUTION

THREAT FROM SUNKEN "IRVING WHALE"—REASON FOR NOT AWARDING CONTRACT FOR REMOVAL OF VESSEL OR CONTENTS

Mr. Heath Macquarrie (Hillsborough): Mr. Speaker, in the absence of the Minister of Transport I should like to direct a question to the parliamentary secretary or to the acting minister concerning the *Irving Whale* which is a serious ecological threat to Prince Edward Island. Can he advise whether the failure to award contracts to any of those who submitted tenders for the removal of the ship or its contents resulted from the high cost of these tenders or were the reasons technological or others?

[*Translation*]

Mr. Gérard Duquet (Parliamentary Secretary to Minister of Transport): Mr. Speaker, I shall take notice of the question and submit it to the Department.

Mr. René Matte (Champlain): Mr. Speaker, I raise a question of privilege.

A moment ago, I asked the Prime minister a question that he did not answer. He merely took this opportunity to make a quip to cheer up my Liberal colleagues from Quebec. Mr. Speaker, it is most annoying to find that my Liberal colleagues are in such a state of trauma because the majority of their constituents voted for the parti québécois that they have only one word—

Mr. Speaker: Order, please.

* * *

[*English*]

NATURAL RESOURCES

OFFSHORE MINERAL RIGHTS—STATE OF NEGOTIATIONS WITH NOVA SCOTIA

Mr. Elmer M. MacKay (Central Nova): Mr. Speaker, I have a question for the right hon. Prime Minister. It has to do with the present state of negotiations between the federal government and the government of Nova Scotia with regard to the offshore mineral rights issue. Which government now has the initiative, the government of Canada or the government of Nova Scotia, and which is waiting to hear from the other in respect of resolving this vital issue?

Inquiries of the Ministry

Right Hon. P. E. Trudeau (Prime Minister): I did not quite understand the question, Mr. Speaker. However, I do understand it has to do with offshore mineral rights and this matter is being dealt with by the Minister of Energy, Mines and Resources. He has had a meeting with the premier of Nova Scotia, and I am sure he would be happy to answer the question if it is asked of him sometime next week perhaps.

* * *

DRUGS

REQUEST FOR DEBATE ON LE DAIN COMMISSION REPORT ON CANNABIS

Mr. Eldon M. Woolliams (Calgary North): Mr. Speaker, I should like to ask the House leader a question. In view of the fact we have been unable to get answers from various ministers in reference to the Le Dain Commission report and the position of the government, would he be prepared to set a day aside for a debate on that subject so we can ascertain from the ministry their position with respect to the commission report?

Hon. Allan J. MacEachen (President of the Privy Council): As I have said, Mr. Speaker, we have very little government time remaining.

Some hon. Members: Hear, hear!

Mr. MacEachen: But I would be happy to call one of the many opposition days still remaining in this supply period so that the opposition can raise the question of the Le Dain Commission report and we can all discuss it.

Mr. Woolliams: I have a supplementary question for the minister and I ask it in all seriousness. Will the House leader guarantee that there will be another opposition day to give us that opportunity?

Mr. MacEachen: You will have to judge that—

Mr. Speaker: Order, please.

[*Translation*]

PRESENTATION OF LEGISLATION ON USE OF MARIJUANA

Mr. Georges Valade (Sainte-Marie): Mr. Speaker, I would like to ask a supplementary question to the right hon. Prime Minister concerning the Le Dain report.

Is it the intention of the right hon. Prime Minister to inform the House, prior to adjournment, whether it is his government's policy to legalize the use of marijuana?

Right Hon. P. E. Trudeau (Prime Minister): This, Mr. Speaker, depends obviously on the date of adjournment. However, perhaps I could answer—

[*English*]

—and to the hon. member for Calgary North at the same time that there will just as surely be some opposition days between now and the end of June as there will be government days.

Some hon. Members: Hear, hear!

[Mr. MacKay.]

CONSUMER AFFAIRS

INCREASE IN PRICE OF FOOD—REQUEST FOR INVESTIGATION TO DETERMINE WHETHER HIGHER PROFITS OF CHAIN STORES JUSTIFIED

Mr. T. C. Douglas (Nanaimo-Cowichan-The Islands): May I direct a question to the Minister of Consumer and Corporate Affairs, Mr. Speaker. On Wednesday, as reported on page 2352 of *Hansard*, I asked the Acting Prime Minister if the government was investigating the fact that food prices are rising at a time when food chain stores are showing very substantial increases in profits, and the Acting Prime Minister's answer was in the affirmative. I therefore want to ask the minister whether these investigations are being carried on, whether he intends to report to the House the results of these investigations, and when we may expect such a report?

Hon. Robert K. Andras (Minister of Consumer and Corporate Affairs): Mr. Speaker, I believe I responded to a similar question from another member of the hon. gentleman's party the other day. I will repeat my answer to the extent of saying that if any violations of the Combines Investigation Act are brought to the attention of the director of the anti-combines section they most certainly will be investigated, but that has not occurred yet.

Mr. Douglas: In view of the fact that the Department of Consumer and Corporate Affairs is supposed to protect consumers and that there are very sharp increases in the prices of food coincidental with sharp increases in profits by the companies selling food, will the minister himself undertake to instigate an investigation into this matter to see whether or not there is any collusion among the companies or whether exorbitant profit-taking is going on?

Mr. Andras: That would properly fall under the purview of the director of the combines investigation section, and if there is any evidence of this kind of action taking place I am sure he will carry out his duties in that regard.

REQUESTS FOR INVESTIGATION OF HIGHER FOOD COSTS IN YUKON THAN IN YELLOWKNIFE

Mr. Erik Nielsen (Yukon): My supplementary question is for the Minister of Consumer and Corporate Affairs. Does he intend to accede to the repeated requests of the Yukon Consumers Association to conduct an investigation into the relatively higher cost of food in the Yukon than in Yellowknife despite cheaper transportation costs to the Yukon?

Hon. Robert K. Andras (Minister of Consumer and Corporate Affairs): I should like to check again on that, but it is my understanding, if my merory serves me well, that an investigation has been conducted and a reply sent to the people who inquired. I will be glad to refresh my memory and respond to the hon. member at the earliest possible moment.

ENVIRONMENTAL AFFAIRS

STEPS TO PROTECT OFFSHORE WATERS FROM EFFECTS OF DEEP-SEA MINING

Mr. S. Perry Ryan (Spadina): My question is for the Minister of the Environment and Fisheries and I gave him notice of it. I understand that in his absence his parliamentary secretary is prepared to answer it. With the advent of ocean mining, and particularly the international development of the continuous line bucket system for dragging metalliferous nodules from the ocean floor, what steps is the department taking to protect our offshore environment in view of the likelihood of an international race commencing shortly?

Mr. Speaker: The parliamentary secretary may reply to the question briefly. The question is a far-ranging one and would normally invite a statement on motions. If the parliamentary secretary can reply briefly, he will be recognized for that purpose.

Mr. Eymard Corbin (Parliamentary Secretary to Minister of the Environment): Mr. Speaker, a continuous line bucket system for deep sea mining is under development in the Pacific Ocean, primarily by Japanese and American interests. The earliest date for first full-scale operation is 1975, although this is considered optimistic. No significant nodule deposits are known to exist on the Canadian continental shelf or in waters where the federal government has direct jurisdiction.

• (1150)

* * *

DEFENCE RESEARCH BOARD

PROVISION OF FUNDS TO EXPLOIT BREAKTHROUGH IN GAS LASER TECHNOLOGY

Mr. Doug Rowland (Selkirk): Mr. Speaker, my question is directed to the Minister of State for Science and Technology. It has recently been announced that the Defence Research Board has achieved a significant breakthrough in gas laser technology and it has been indicated that approximately half a million dollars would need to be allocated to the project in order to fully exploit the breakthrough. Has the minister given consideration to the allocation of these funds, and what is his decision?

Hon. Alastair Gillespie (Minister of State for Science and Technology): Mr. Speaker, the Defence Research Board comes under the jurisdiction of the Minister of National Defence.

Mr. Rowland: Mr. Speaker, may I redirect the question to the Minister of National Defence?

Hon. E. J. Benson (Minister of National Defence): Mr. Speaker, the Defence Research Board itself decides on how it is going to allocate its funds each year for various projects. Of course, research into lasers has been a major undertaking of the Defence Research Board and I believe it is going to be in the future.

Inquiries of the Ministry

POST OFFICE

ALLEGED ORDER FORBIDDING UNION MEETINGS ON FEDERAL PROPERTY

Mr. Lee Grills (Hastings): Mr. Speaker, I should like to direct a question to the President of the Treasury Board. I have been informed directly by the chairman of the local of the Letter Carriers Union in my riding that an order has been issued by Treasury Board through the Department of Public Works that no more postal union meetings are to be held on federal property. Is this a general policy across the country or is this just an isolated case?

Hon. C. M. Drury (President of the Treasury Board): Mr. Speaker, I do not think that Treasury Board or the Department of Public Works would issue instructions in relation to postal unions which would clearly hamper the rights of free collective bargaining.

Hon. W. G. Dinsdale (Brandon-Souris): I have a supplementary question to the President of the Treasury Board. Would this order be related to his continuing silence on current negotiations with the postal unions?

Mr. Drury: No, Mr. Speaker.

Mr. Speaker: Orders of the day.

[*Translation*]

Mr. La Salle: Mr. Speaker, on a point of order.

Mr. Speaker: The hon. member for Joliette on a point of order.

Mr. La Salle: Mr. Speaker, may I first reply to the Prime Minister that I was in the House yesterday when the Minister of Indian Affairs and Northern Development answered questions, but as he did not answer some questions concerning the James Bay project, I simply asked him whether he was amenable to representations made by the Indians for an immediate stop of this project, to which the Minister of Indian Affairs and Northern Development has never replied clearly.

So, I call upon the Prime Minister to say whether he would favour co-operating with the James Bay project, as I think he would.

Mr. Speaker: The hon. member has simply repeated the question that he asked during the question period. This period now being over, perhaps the hon. member for Joliette will have an opportunity to ask his question at another occasion or another day.

[*English*]

GOVERNMENT ORDERS

ELECTION EXPENSES BILL

AMENDMENTS TO CANADA ELECTIONS ACT AND INCOME TAX ACT

The House resumed, from Thursday, May 18, consideration of the motion of Mr. MacEachen that Bill C-211, to amend the Canada Elections Act and the Income Tax Act, be read the second time and referred to the Standing Committee on Privileges and Elections, and on the amendment thereto of Mr. Macquarrie (p. 2412).

Mr. Speaker: Is the hon. member rising on a point of order?

Mr. Baldwin: Mr. Speaker, I was wondering what the wish of the Chair was with respect to the discussion which Your Honour invited on the admissibility of the amendment offered by the hon. member for Hillsborough (Mr. Macquarrie). At any time Your Honour would wish to designate, we would be prepared to argue it.

Mr. Speaker: I might say that the Chair is under some difficulty. Perhaps I might advise hon. members that in the course of discussions the hon. deputy to the Deputy Speaker has briefed himself considerably and at length on the subject to the extent that he appears to be an expert on reasoned amendments. He is quite familiar with the circumstances of this case and he would be prepared to hear argument at this time if hon. members feel this would be the right moment to discuss the procedural point. I would invite him to replace me, because from now on he will be the recognized expert on this subject.

Mr. Baldwin: Mr. Speaker, in view of the description which His Honour has given of your being the recognized expert we will know where not to direct our reasoned amendments from now on.

Mr. Speaker, I want to direct your attention to the amendment which was offered by the hon. member for Hillsborough yesterday. First of all, I wish to observe that on last September 13 at page 7760 of *Hansard* and the next few pages, this whole question was debated and a decision given. At that time Mr. Speaker indicated that, so far as reasoned amendments were concerned, he was in a quandary about the whole issue and he invited suggestions as to some way in which hon. members of the House might in due course indicate their views. I think it is a great pity, Mr. Speaker, and I say this advisedly that this session and probably this parliament is whimpering to a close without this being done. I am not going to blame my hon. friend, the President of the Privy Council (Mr. MacEachen). I know he is quite eager and concerned that this and other issues be dealt with, but I do think that when hon. members from this side, from the other side and the Chair have brought to the attention of the House a number of anomalies and difficulties with regard to the operation of the new rules as altered in light of changing circumstances, it is a great pity that we are not able to leave as a legacy to the next parliament certain views on procedural requirements and this, of course, is one of them.

Having said that, Mr. Speaker, I want to turn my attention directly to this particular amendment. I realize that Your Honour will be considering the provisions of citation 382. This is the text on which most decisions have been based, and it, in turn, goes back to many of the old precedents in the United Kingdom. As an expert, Your Honour probably knows the citation by heart but I should like to put it on record. Citation 382 of Beauchesne's Fourth Edition reads in part:

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

I repeat those last words, Mr. Speaker.

> —the principles, policy, or provisions of the bill—

I find I must repeat those words because yesterday His Honour, Mr. Speaker, in taking a preliminary view of this issue, limited himself to this statement, and I am now quoting from yesterday's *Hansard*, the left side of page 2412:

> The so-called reasoned amendment is intended to give a member an opportunity to place on the record the reason he is opposed to the principle of a bill—

I want to make it as crystal clear as I can, Mr. Speaker, that while I agree with him as far he goes we must read into that and add to it the words that I have quoted, not only the principles, but the policy, or provisions of the bill. In other words, it is competent for a member, in attempting to move a reasoned amendment, to place on the record the reasons for his opposition to the principle of the bill, to the policy in the bill or to the provisions of the bill, because that is the only way there can be an acceptance of what is set out in citation 382.

There is a reason for that, Mr. Speaker. It goes back to the practices, the precedents, the rules and the operation of the House at Westminster over some centuries. But I think, Mr. Speaker, that we in this House and certainly the Chair, must take judicial notice, if I may use that expression, of the fact that the type of legislation with which this House as well as the House in Westminster is now dealing is different from the type of measure that contains a simple declaration of principle to which the clauses of the bill were limited. The cases in which we find that today are rare. Instead, we find that government bills are a composite of various subject matters. The subject matters, for example, embraced by certain tax bills and money bills are as far apart as the north and south poles. I am not stressing that. I insist, however, that in considering this issue it is important for us to remember now, as well as in future, that the types of bills we are examining these days are entirely different from the sorts of measures that this House or the House of Commons in the United Kingdom considered even 20 years ago.

• (1200)

Second, the Chair, in considering the reasons underlying its decision, cannot ignore the changes which have crept into the proceedings of the House as a result of the rules we adopted four years ago. This is neither the time

nor place to comment on the wisdom of those rules and the problems they have created. Without doubt, the approach of this House to a debate on second reading these days is entirely different from the approach this House adopted towards such debates 15 or 20 years ago, and is different from the approach that it adopted before the rule changes of 1968 and 1969.

Now, after second reading, a bill is referred to committee, after which it comes back for the report stage and is given third reading. Anyone examining *Hansard* and scrutinizing the manner in which this House now deals with legislation cannot help concluding that the second reading and reference of a bill to committee is far less significant now than it was before 1968. The procedures adopted by this House make it plain that remedies are available now which were not available before. For instance, we are now given the remedy of putting on the order paper amendments to be moved at the report stage. What we did in the last few days in dealing with Bills C-207 and 208, the bills concerning old age security pensions and veterans' benefits, illustrates how our new procedures and remedies work. We entertained grave doubts as to whether those bills were effective, as to whether they went far enough, and we expressed those doubts in the House as well as outside. We said, "Fine, let us try to improve those bills by the means of reasoned amendments. In any event, we are quite willing to send those two bills to committee and see them return at the report stage because, in the process, we may be able to persuade the government, or enough hon. members, to work out effective and beneficial changes." We failed, Mr. Speaker; of course, with this government, we always fail in those attempts, but that is besides the point.

What is important is that there is great emphasis placed by this House, and certainly by members of my party, on the report stage and subsequent third reading stage. For instance, we may say in the second reading debate that we do not like a bill, that it does not go far enough, that there are parts of it on which we differ, but that we support the general thrust and principle of the bill when we consider the conditions at which it is aimed and which it seeks to correct. In that case we will say, "Fine, send it to committee," knowing well that if amendments submitted in committee are not agreed to, we may move further amendments at the report stage or at third reading; knowing, also, that if those amendments are not accepted and the bill is not changed, we are justified in voting against the bill. I suggest as strongly as I can that the Chair dare not ignore that change in our procedure which has come about since 1968.

Having said that, and not wishing to take much more of the time of the Chair, I will refer again to the proceedings of September 13, 1971, at which time Mr. Speaker accepted the reasoned amendment which had been moved by my hon. and learned friend the hon. member for Edmonton West (Mr. Lambert). I spoke on that occasion and cited a number of precedents from the House of Commons in the United Kingdom. I submit that those precedents show there can be found a parallel between what we are attempting to do here and what was achieved in the United Kingdom with a number and variety of measures with respect to which reasoned amendments were accepted.

May I now return to Citation 382 of Beauchesne's Fourth Edition. The reasoned amendment of the hon. member for Edmonton West was accepted because the amendment sought to indicate and to establish that the hon. member who moved the amendment did not agree to the second reading and therefore moved, as an amendment to the question, a resolution declaratory of some principle adverse to or differing from the principles, policy or provisions in question. The proceedings I am referring to are recorded at page 7765 of *Hansard* for September 13, 1971.

In 1961, on second reading of a bill dealing with Commonwealth immigration, the following amendment was moved as a reasoned amendment in the U.K. House of Commons.

> This House declines to give a second reading to a bill which, without adequate inquiry and without full discussion at a meeting of Commonwealth Prime Ministers, removes from Commonwealth citizens the long standing right of free entry to Britain, and is thus calculated to undermine the unity and strength of the Commonwealth; gives excessive discretionary powers to the executive without any provision for appeals; will be widely regarded as introducing a colour bar into our legislation; and though providing for health checks and for the deportation of those convicted of certain criminal offences, fails—

I underline these words:

> —to deal with the deplorable social and housing conditions under which recent Commonwealth immigrants and other subjects of Her Majesty are living.

That amendment deals with a variety of subject matters. It deals with the policy inherent in the original legislation as well as with a number of provisions in the bill, and then ends by saying, "We decline to pass the bill because it does not include certain things we think should be in it." That is precisely what the hon. member for Hillsborough (Mr. Macquarrie) is attempting to do on this occasion. Having said in the preamble that he regrets that government delay in introducing Bill C-211 prevents its full operation before a certain date, he goes on to say that the bill fails to provide for adequate reform, and so on. The amendment says that the House declines to pass a bill which does not take advantage of present day advances in the mass media and transportation. Of course, having been pressed for years to bring in legislation of this kind, the government has now brought it in at a time when there is likely to be dissolution of the House, and it knows full well that it is unlikely to be passed in time for the coming election since it will not come into effect until after January 1. That, Mr. Speaker, is unmitigated gall on the part of the government; it is political fraud of the worst type. That is beside the point.

In any event, the motion proposed by my hon. friend ends by saying that the House declines to pass a bill:

> —which does not take advantage of present day advances in the mass media and transportation which would provide for a shorter election period and thereby, amongst other things, substantially reduce election expenses.

If there is any principle behind this bill, that principle is that there shall be regulation of or limitation of campaign expenses. This is or may be done in a number of ways. We say that some of these methods may be all right; we say, however, that the simplest and most intelligent way, and perhaps the most desirable way of doing this, is by limiting the length of campaigns. We are saying, then, within

the meaning of Citation 382, that we decline to give second reading to the bill; further, we have brought forward a resolution, the one I read, declaratory of a principle adverse to or differing from the principles, policy or provisions of the bill. We have done this in precisely the same way as it was done in the United Kingdom and with precisely the same kind of language that Mr. Speaker in the United Kingdom accepted. I suggest to Your Honour with the greatest respect that it will be necessary to very badly torture the meaning of those words which I quoted from the United Kingdom precedent and citation 382 to hold that the amendment which the hon. member has moved does not meet those requirements.

• (1210)

Some hon. Members: Hear, hear!

Mr. MacEachen: Mr. Speaker, I am very happy that last night the Speaker raised the question of reasoned amendments at the second reading stage of a bill. I have been concerned about the gradual trend toward the acceptance of second reading reasoned amendments in the House. I remember the time I worked for the opposition from 1958 to 1962. I had been temporarily retired from the House of Commons and was working with the then Leader of the Opposition, the Right Hon. Mr. Pearson. One of the jobs I had was to work on the question of procedure.

Mr. Baldwin: Your experience will come in handy.

Mr. MacEachen: That was really the way I became interested in what I thought was a rather occult and mysterious art that could only be practised by mystiques like the hon. member for Winnipeg North Centre (Mr. Knowles). However, necessity drove me to the study of procedure. Over those four years we contrived to develop reasoned amendments on second reading. It was most difficult to have any of them accepted. We had good advocates on the opposition side, including the present government leader in the Senate and the present chairman of the Canadian Transport Commission, who was undoubtedly the best procedural expert on our side at that time. He was far ahead of any other person, probably because he had become accustomed to the study of procedure in his years with Mr. King and Mr. St. Laurent. Even his advocacy, and that of the present government House leader in the Senate, almost always failed to have a reasoned amendment accepted on second reading.

Mr. Speaker Michener, who occupied the chair at that time, was most meticulous. It appeared as though he had to pay huge sums of money out of his own pocket if a second reading amendment went before the House. There were only a few in four years. It seems to me that it is a very desirable practice to get back to the rigid application of the tradition on second reading amendments. If it is not applied rigidly, there will be a gradual development leading to the acceptance of any type of amendment on second reading.

The tradition has always been that a member who proposes a second reading reasoned amendment is giving advance notice to the House that he intends to vote against and do everything possible to defeat the bill. It is highly contradictory for any member to move a second reading reasoned amendment, and then vote for the bill

when it is called for second reading. The implication is that you are opposed to the bill. You have resorted to a device, a second reading reasoned amendment, which, if accepted, kills the bill. That is why His Honour said yesterday that there was no doubt whatsoever that a reasoned amendment can only be an indication for the record as to why a member or a party intends to vote against the principle of the bill. I am satisfied, even though my hon. friends opposite find defects in the bill, that they will not vote against the bill. They will not vote against the principle of disclosure, the principle of assistance to candidates and the limitation of expenses.

I do not complain that my hon. friend has moved a second reading amendment. I do not reproach him. I am merely using this instance to illustrate what is involved in moving a second reading amendment. It should be preceded by a political decision by a party or a member that he or the party is going to do everything possible to defeat the bill on second reading, and then, once having made that political decision, he or the party proceeds to use this device to reach the objective. As His Honour pointed out, it is obvious that in recent times that strict application has not been followed. I hope we will get back to it.

I disagree with the hon. member for Peace River (Mr. Baldwin) who argued that the 1968 amendments to the rules changed the significance of a second reading motion or second reading adoption in the House of Commons. I know there were opinions at that time that this was the case. I certainly never accepted that view. At that time, I proposed to speak in the debate if the occasion arose so that I could reinstate what I felt to be the importance of the second reading, namely that it was an adoption of the principle of a bill. That is all.

In one of his rulings, Mr. Speaker Michener ruled that there could be a principle or several principles in a bill. The authorities usually refer to the principle of a bill. Mr. Speaker said that it was possible to find a number of principles in any bill and that in order to found a proper second reading amendment, it was essential to oppose the principle of a bill or set up an opposing proposition to the principle or principles contained in the bill.

The hon. member for Peace River referred to that citation at page 527 of the 17th edition of Erskine May in which he categorizes reasoned amendments as follows:

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

It seems to me that has been the key paragraph and that in practice, the other two categories proposed by May have seldom been used to support the validity of second reading amendments. If they were, those second two paragraphs are so broad that if they were used as a foundation many more amendments would be put on second reading. I agree with the hon. member for Peace River that if those second two paragraphs are valid, the door is wide open. I say this because paragraph three reads:

• (1220)

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

The hon. member has already quoted paragraph two. In most cases, the Chair in Canada, especially Mr. Speaker Michener, has referred to the first category as a valid definition of a reasoned amendment. This is the foundation I should like to see established in the particular case under consideration. The amendment itself, it seems to me, does not in any way put forward a proposition contradictory to the principle in the bill itself. It first of all raises a complaint against the government, a grievance. It is complained that the bill was not brought in earlier, or that it has been brought in at such a time that its provisions could only come into effect on June 1, 1973. That is a complaint which is not really relevant to the contents of the bill. If the hon. member wished to have that proposition dealt with by the House it should probably come forward as a separate motion.

The second point in the amendment relates to the election period. Well, the election period is established by the Canada Elections Act. There are provisions in that Act establishing the election period, dating from enumeration day until polling day. There is certainly nothing in the bill before us which relates to that; this aspect of the amendment, which seems to me to be the main aspect, is quite outside the scope and provisions of the bill itself.

I am not emotionally attached to the defeat of this amendment on procedural grounds. If it were accepted, it would not bother me greatly except that it seems to me the Speaker has laid the gauntlet down and said: It is time we stopped loose practices and got back to the proper interpretation of what constitutes reasoned amendments. I agree with such an approach. I congratulate him on taking that leadership. I hope that this ruling will establish for the future a proper basis for reasoned amendments and that we shall return to a strict interpretation of the rule in this regard, and, especially, that we shall all understand that reasoned amendments should only be put forward and accepted in cases where the mover and his party are out to defeat a bill. Otherwise, they should not be put forward at all.

Mr. Baldwin: Do I take it, then, that it is the view of the minister in support of the Speaker that a reasoned amendment which otherwise might not be in order would be in order if the mover says: I and my party intend to vote against the bill on second reading. Would that preserve the legality of the motion relating to a reasoned amendment?

Mr. MacEachen: I do not see how the Chair could possibly accept an amendment as being in order merely because the mover says: I am putting forward this amendment and I intend to vote against the bill itself. Besides, I do not think Mr. Speaker or any of us is entitled to ask how an hon. member proposes to deal with the bill itself. I take the position that a second reading reasoned amendment, within the British and Canadian position, is itself an indication on the part of the mover that he is opposed to the principle of a bill and that he is making a motion because he is out to kill the bill. This is absolutely clear in the authorities. It is quite inconsistent to take what is regarded as a lethal step and then, later on, to embrace the bill on second reading. It really is most contradictory and I have been shocked at the loose attitude shown toward parliamentary morality in this area.

Mr. Baldwin: He might be persuaded by the eloquence shown on the other side.

Mr. Woolliams: What the minister has said means that the whole debating system is a farce.

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, as another drafter of a great many second reading reasoned amendments, I suppose I should get into this discussion for a few minutes. The President of the Privy Council was almost boasting that his batting average when he was adviser to his party on these matters was low. He indicated that this reflected the difficulty of getting reasoned amendments accepted by the Chair. I do not know what my batting average is, but I know I have been able to get quite a few of them accepted. However, this discussion has developed into an academic review of the whole subject of reasoned amendments rather than sticking to the particular one before us. That is understandable.

For my part, I like the suggestion in the hon. members' amendment that something be done to shorten elections. I thought it was ingenious of the hon. member to get that in by suggesting it might be a way of reducing election expenses. I am aware, though, of the difficulty which both he and the hon. member for Peace River (Mr. Baldwin) are encountering in trying to persuade the Chair that the proposed amendment is in line with our precedents and positions relating to reasoned amendments.

One of the things I find odd is that in Beauchesne we are told that on third reading all amendments which can be made on second reading are in order except certain kinds of amendments. In other words, fewer kinds of amendments are permissible than on second reading. Yet, if we search the records, we will find that it is easier to get third reading amendments accepted than second reading amendments. This underlines the point that the criteria laid down for reasoned amendments on second reading are really not very clear. I therefore support the suggestion of the hon. member for Peace River that despite the expertise you have achieved in these matters, Mr. Speaker, the subject should be given further thought, perhaps not only on the floor of this chamber when these questions come up, but by the Standing Committee on Procedure and Organization.

I should like to make this further point. Again, I am supporting the hon. member for Peace River and contending with the President of the Privy Council. I believe it is a fact that we slightly changed the meaning of second reading in December of 1968. At that time what was then the special committee on procedure presented two reports which were companion pieces. One of them made the actual changes in the standing orders, including the change that makes the motion for second reading read that the bill be now read a second time and be referred to such and such a committee. That report was adopted. The other companion report was by way of a commentary. I do not have it in front of me this morning but my memory of it is fairly clear.

• (1230)

In this companion report, we commented on the significance of many of the changes being made. One of the changes on which we commented was this very change

under which we say at second reading that the bill be read a second time and referred to such and such a committee. We said in that commentary that the important vote on a bill should really be the final vote, the vote on third reading. We downgraded slightly—I emphasize the word "slightly"—the significance of second reading by saying that at that point we were really simply giving general approval to the bill and agreeing to discuss it at the committee stage.

I well remember in the sessions of the committee when we were dealing with this matter that we were trying to cope with the situation that had often developed when government members on the committee would say to the opposition members: "Why are you trying to change this bill? You voted for it on second reading". Then opposition members used to say in the committee: "We voted for it in principle, in general, so that it could go to committee, but that does not mean that we have to support it in its exact detail". I think I am being quite faithful to the commentary and the report of December 1968 when I say that we decided that the time had come when a vote on second reading should not be as rigid and final a decision that the bill is okay; it should simply be a decision that the bill is generally okay, subject to what happens to it in committee.

The change that we made was ever so slight, and I emphasize that, because if I am completely opposed to a bill, I vote against it on second reading and do not want it to go to committee. But there are many bills that come into the House that we do accept in general if only we can get some changes made to them.

I think it should be possible on second reading to move the kind of amendment that does not necessarily kill the bill but which makes it possible to put on the record the opinion that certain changes in the bill should be made. Perhaps this is not going to be very helpful to my hon. friend from Hillsborough as far as this day's amendment is concerned, but I wonder whether it would not be possible for us to develop a system under which at second reading, where the motion is that the bill be now read a second time and referred to a certain committee, it would be permissible to add to the reference to committee a phrase that would say "with the instruction that the committee give consideration to amending the bill, so as to"—shorten the election period, or what have you.

There are many instances where the opposition is not, in an outright sense, opposed to a bill in its entirety but where I think it would be good debate to have some of the suggestions made added to the reference to committee. I would hope that the next time the committee on procedure and organization gets around to considering procedural matters it might take a look at this question of the kinds of amendments that we can move on second reading.

Oppositions have trouble with all kinds of amendments. However, we know what we can do on third reading, and I think the batting average for third reading amendments is much higher than it is on second reading. But surely it is a matter of common sense that at second reading the opposition should have three choices. First, to support the bill outright. Second, to oppose the bill outright. And surely there is a third choice for an opposition, namely to say that it goes along with the bill in general and it wants it to go to committee and be given further consideration, but that there are certain ideas not included in the bill which it wants to have included. In effect, that is what my hon. friend from Hillsborough is trying to do under the present rules and practices. I see the difficulty that he is having because of the traditions against this kind of amendment, but I hope that consideration will be given to this question in the future so we can have a little better opportunity at second reading than we have under the rules as they now stand.

[Mr. Knowles (Winnipeg North Centre).]

The Acting Speaker (Mr. Laniel): Order. May I thank hon. members for their constributions to this very difficult procedural debate. May I first thank Mr. Speaker for the remarks that he made concerning the present occupant of the Chair, though I have grave doubts about some of his affirmations concerning me. As hon. members know, the occupant of the Chair does not meet on the way up the steps with the Holy Spirit; he simply does his best and at the same time has to abide by the rules of the House. I think all hon. members will agree with me that any occupant of the Chair has the advantage of having the present Speaker, pass on to him from day to day his knowledge of the rules and procedures of the House, as well as his humanities, which is very helpful. I do not know how much this is going to help me to make a decision that will satisfy hon. members, but before I give my decision I shall try to touch on some of the points that have been brought out by hon. members.

The hon. member for Peace River (Mr. Baldwin) referred to some remarks made last September by Mr. Speaker to the effect that the House, through its committee on procedure, should look at the evolution that had taken place over recent months regarding reasoned amendments in order to arrive at a change in the rules that would define the use of reasoned amendments.

Yesterday, Mr. Speaker issued a warning to hon. members in his remarks following the amendment moved by the hon. member for Hillsborough. He said that the proliferation of amendments of that kind indicate that hon. members are really attempting from time to time, under the guise of so-called reasoned amendments, to bring in substantive motions. He went on, as reported at page 2412 of *Hansard*:

> I suggest that for some strange reason it seems that in recent weeks and months hon. members have been taken with the idea that perhaps a reasoned amendment is a good way in which to propose a substantive motion which very often does not bear too much immediate and essential relevancy to the principle of the bill.

• (1240)

The hon. member for Peace River (Mr. Baldwin) referred to citation 382 of Beauchesne's in which it is stated:

> It is also competent to a member who desires to place on record any special reasons for not agreeing to the second reading of a Bill, to move as an amendment to the question, a resolution declaratory of some principle adverse to, or differing from, the principles, policy, or provisions of the bill, or expressing opinions as to any circumstances connected with its introduction, or prosecution; or otherwise opposed to its progress; or seeking further information in relation to the Bill by Committees, Commissioners,

the production of papers or other evidence or the opinion of Judges.

Yesterday Mr. Speaker mentioned that these so-called reasoned amendments are intended to give an opportunity to members to place on the record a reason for opposing the principle of the bill. The Chair agrees with this statement, but questions the interpretations put on it by the hon. member for Peace River and the hon. member for Winnipeg North Centre (Mr. Knowles).

The hon. member for Peace River referred to the changes in the rules. Of course, the Chair is quite aware that there has been a rapid evolution in the rules in the past few years since 1968. Even though these rules have been amended, I am sure that hon. members will not ask the Chair to further amend these rules by making a ruling that in itself will tend to modify a long established practice in the House of Commons. The Chair would meet with great difficulties if it were asked to do so. I agree that a new practice has developed, as mentioned by the hon. member, to send more bills to the committees, making it more easy to give second reading without questioning all the details of a bill in the hope that the committee would have a better opportunity to adopt modifications. This was referred to by the hon. member for Winnipeg North Centre who said that with the change in the rules we downgraded slightly the second reading stage of a bill, but I do not think this is a reason which should prevent the Chair from making a decision based on past practice, precedent and rules of this House.

There are basic rules we have to follow. Of course, there is little doubt in the mind of the Chair that a reasoned amendment at the second reading stage of a bill involves one of the more difficult parliamentary procedures. The invitation which has been made in the past by Mr. Speaker, to have the Standing Committee on Procedure and Organization look at this matter, still stands. I am sure hon. members would benefit from a discussion of this problem outside the House rather than discussing it only in the context of a particular amendment in respect of which the Chair has to make an important decision, because this could prevent some hon. members, in view of their opinion of the bill itself or the subject-matter under discussion, from expressing a clear view on the whole subject-matter; one might be defending the amendment and another opposing it. If the Standing Committee on Procedure and Organization considered this matter outside of this context it might come forward with suggestions useful to hon. members, the House and the Chair.

Referring again to the difficulty met in respect of a reasoned amendment, I would invite hon. members to look at page 527 of May's Seventeenth Edition where three rules are set out concerning the form of a reasoned amendment with a description of the categories of that kind of an amendment. It reads as follows:

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

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

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

Such amendments have tended in modern times to become rather stereotyped and are confined generally to the first two categories.

Category No. 3 as described by the author may have become obsolete in the British House of Commons in view of our practice of referring the subject-matter of a bill to a committee.

Citation 386 in Beauchesne's Fourth Edition refers to that type of amendment in the following words:

On the second reading of a Bill, the House may decide to refer the subject matter thereof to a Commission although the bill could not be referred to a Committee of the House before its second reading. (The subject matter of a Bill and the Bill itself are two different things.) On the 17th April, 1934, the following amendment was moved to the second reading of a Bill to amend the Railway Act in respect of rates on grain: "That the Bill be not now read a second time but that the subject-matter thereof be referred to the Board of Railway Commissioners for Canada." This amendment was as much a declaration of policy as if it stated that the question of adjusting the railway rates on grain should be investigated by the Railway Board. The Speaker allowed the amendment, and an appeal was taken to the House which confirmed the decision by a vote of 78 to 44.

To go back to May's Seventeenth Edition and the citation to which I have already referred, there is a description of the types and classes of amendments which fall into that category referred to as "reasoned". At the foot of page 527 and at the top of page 528 of May's Seventeenth Edition it is stated:

• (1250)

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

The amendment must not be concerned in detail with the provisions of the bill upon which it is moved, nor anticipate amendments thereto which may be moved in committee; nor is it permissible to propose merely the addition of words to the question, that the bill be now read a second time, as such words must, by implication, attach conditions to the second reading.

An amendment, which amounts to no more than a direct negation of the principle of the bill, is open to objection.

In those three paragraphs, the conditions which must be met by a reasoned amendment are stated. In paragraph (1), as cited, one important condition must be met when an amendment is moved to a motion for second and third reading. This is the rule of relevancy. The amendment, according to the rule of relevancy, must relate strictly to the bill the House is considering at the time.

Coming back to the amendment before us, to my mind the first part of the amendment, referring to what the mover calls "government delay in introducing Bill C-211" is quite irrelevant to the principle of the bill. It must be said also that the motion does not claim to oppose the bill on those grounds. Actually the Chair would be tempted to ask itself, if it were accepting the arguments made by the hon. member for Peace River and the hon. member for Winnipeg North Centre, whether any kind of amendment would be valid. By their interpretation of the rules, reasoned amendments as such would become obsolescent. Later the proposed amendment suggests that there should be a provision for a shorter election period having regard to advances in mass media and transportation. This, again, is beyond the terms of the bill before us. What the

hon. member proposes are amendments to the Canada Elections Act, rather than to the bill which is before us, Bill C-211. That, to my mind, is the basic weakness of the proposed amendment.

In essence, the hon. member's suggested reasoned amendment is not declaratory of any proposition adverse to, or differing from, the principle of the bill before us. For those reasons I cannot accept the amendment. May I be permitted, however, to add in conclusion that I hope hon. members will understand, if the Chair has spent more time than it should have on the arguments made, that it did so in the hope that soon in the coming months hon. members will have an opportunity to look again at the question of reasoned amendments. Regardless of the decision rendered now, I invite hon. members to look at this question at other times rather than in relation to an amendment which is before the House on a specific bill. Again, as I have said, so far as the amendment is concerned the Chair cannot accept it. This ruling is mainly based on the present rules and practices of the House, on the precedents and on the previous decisions which have been taken. This is the only way, unless the rules of the House are changed, in which we can preserve this institution.

[*Translation*]

Mr. Matte: Mr. Speaker, the hon. member for Don Valley (Mr. Kaplan) would like to speak for four or five minutes. I would agree to lend him my allotted time, provided I am permitted to speak at two o'clock.

[*English*]

Mr. Robert P. Kaplan (Don Valley): Mr. Speaker, I endorse this bill and welcome it. Having been through a campaign in 1968 that was too expensive, I can tell hon. members from the lessons I have learned that a campaign does not have to be so expensive to succeed. With careful planning and more concern for costs, I know that my last campaign could be duplicated today for about half the cost. Nevertheless, a campaign does cost money and this is a fact that the public and the press seem to find hard to accept. For example, in my own riding which is the fifth most populous in Canada, sending a letter to each voter costs $7,200 just for postage stamps. The bill before us would permit $37,000 to be spent lawfully on the items specified. I say this limit is more than enough for anyone to make himself known and put his message across. I make no apology for the cost of my 1968 campaign. I broke no rules or customs. My accounting was complete. The money came from personal supporters, from Liberals in the riding and from the party. No contributor has held me to account. I do not even know them all.

But big campaign bills reflect on the system. They encourage the false belief that politics is a rich man's game. Hon. members know how many of us in this Chamber are rich in the normal sense. The charge of rich man's game is false. But big campaign bills tend to discredit the truth. I do not know whether this bill will be applicable to the next election. I hope it will because the right of partial reimbursement and of tax credits for contributors would be desirable. I have risen in my place today to state that, whether or not the bill is law at the time of the next election, I will abide by the provisions relating to spending limits, to disclosure and to auditing, provided that my Conservative opponent also does so. I believe that this is a constructive step, one which will be welcomed by Don Valley voters and one which should be welcomed by my opponent.

[The Acting Speaker (Mr. Laniel).]

[*Translation*]

Mr. Matte: Mr. Speaker, may I call it one o'clock?

The Acting Speaker (Mr. Boulanger): It being one o'clock, I do now leave the Chair.

At one o'clock the House took recess.

AFTER RECESS

The House resumed at 2 p.m.

• (1410)

Mr. René Matte (Champlain): Mr. Speaker, while listening yesterday to the speech of the hon. minister who is piloting this bill, I felt a glimmer of hope because he seemed to have adopted a more flexible attitude that was open to the suggestions and amendments which would eventually be brought in during the debate on this bill. Relying on the minister's straightforwardness, I think we should accept some necessary suggestions and amendments regarding this legislation.

The President of the Privy Council (Mr. MacEachen) has spoken of forthcoming general election and the impossibility for this bill to be in any way effective before then.

Mr. Speaker, in view of the minister's statement, I wonder whether we should not have further considered the amendment moved yesterday by the hon. member for Hillsborough (Mr. Macquarrie). Indeed, if there is no particular urgency to adopt this legislation which will not be implemented before the next general election, why not delay its consideration so that it may be improved still more and more specifically analysed to avoid once again the necessity of constant review.

Mr. Speaker, a legislation which purports to amend the Canada Elections Act and the Income Tax Act in regard to election expenses has a direct bearing on the basic problem of democratization of elections, that is to say on democracy itself since elections are the springboard of democracy. If such a bill is so drafted as to relate to an actual democratization, it should rest on the principle that an equal opportunity should be offered all political parties and candidates to submit their views.

This equal opportunity is essential, Mr. Speaker, if we want democracy to operate better in this country, because experience has shown us that loud and intensive publicity may warp the opinions of the electorate.

Mr. Speaker, here are a few concrete examples; we very well know that, because of repeated advertising on television, on radio of in the newspapers, or a particular brand of soap for the dishes, all the women go out and buy that brand, simply because they have very often heard the name or seen the advertisement. Does that mean that this soap is better? Not always, Mr. Speaker.

So, when I speak of loud and intensive publicity which may warp the thinking of the electorate, I am speaking about something true, about something real, about things that do happen during an election campaign. Basically, the bill should be aimed at preventing such a situation for God knows how the members of the Social Credit in particular had to suffer from these enormous electoral machines—steam rollers you might call them—whose money is crushing everything in its way.

Mr. Speaker, does the results of the work of such an electoral machine honestly and sincerely reflect the Canadian voter's opinion? Certainly not. This is why fundamentally any policy in respect of election expenses should prevent political parties from having recourse to high-gear and noisy publicity aimed at misleading voters.

Unfortunately, Mr. Speaker, the first impression we gather from this bill is that it still rests on the underlying and hypothetical principle whereby the percentage of votes obtained by a candidate or a party is proportionate to the expenses made. I think this is what the situation is now and has been in the past.

However, what is it that should be done? To disappear? By virtue of what rights or privileges would the elected representatives of the House of Commons be so elected, if not on account of their ideas and beliefs, but exclusively on account of election expenses?

This, Mr. Speaker, is something which must absolutely be corrected through this bill, that is, to find out the true opinions of voters on a percentage basis according to election expenses. This is a mistake and this bill should not make the same mistake again.

Mr. Speaker, if the citizens of this country are to be treated fairly and equitably, we must first of all, as mentioned in the bill, examine closely this limitation of election expenses.

• (1420)

While studying the clauses of Bill C-211 concerning this limitation, I found that it is still much too high because there would still be many ways of obtaining good reasults without having to make that kind of expense.

Mr. Speaker, I am all the more pleased to emphasize this because once again we of the Social Credit party have proved beyond all doubt, that elections can cost practically nothing. Consequently, we set precedents in this modern age where we have been able on the sole strength of our principles and convictions, to win people over to a particular cause. It is not necessary to spend $25,000, $30,000 or $50,000 in order to avoid, as I was saying a while ago, distorting the results of an election.

We have therefore proved that it is possible to restrict these election expenses and I find that the limits provided in the bill are perhaps still too high considering—and I emphasize this—that there should not be any member who has been elected because money made up for his lack of personal qualities. No member of this House should be elected because of the amount of money spent in a given constituency.

For this reason, the authorized limits should be closer to a minimum than to a maximum and as I say this is possible. We have proved it ourselves during the last federal election in the constituency of Champlain, for instance, where the Social Credit candidate spent $1,-344.50 while $32,000 was spent by the Liberal candidate.

Mr. Speaker, that, I suggest, is very concrete proof that stricter limits can be placed on the expenses authorized during an election campaign.

Another point involved in achieving greater fairness and justice in election campaigning for all concerned is the subject of newspaper, radio and television publicity. The bill deals with that, and even stresses the point, quite justifiably. However, I should like to add that such publicity, in newspapers as well as on television and radio, should also be equal for all parties or at least distributed according to a fair proportion. When I say "fair proportion", I want to point out that I mean almost equal proportion.

In fact, because of the extreme importance achieved by the media, television and radio as well as newspapers, particularly the dailies, it is imperative that justice be exercised for all parties in the matter of publicity.

That is why I feel that under no circumstances should time limits be exceeded. The bill indicates that a certain numbe rof hours between a given date preceding the elections up to the day before the eve of the elections would be shared between political parties, with the government reimbursing 50 per cent of the cost.

Mr. Speaker, that would be right in principle, but I suggest that an absolute limit should be set on this time, not to be exceeded, so that things would not reach the last point I want to make, rowdy, intensive publicity which can be misleading. Then, we are working towards a more equitable allotment if we limit exactly the advertising time allowed to each political party or candidate.

As the mass media, specifically radio and television, have secured their broadcasting rights from the CRTC, it seems to me that they should provide free of charge all the political parties with the time they need to inform the public of their respective programs, and I repeat, "free of charge".

They operate under privileges and rights granted to them by the federal government. Considering the amount of stupidities one hears and sees on a number of these stations, I think that, when election time comes, all of them should make free air time available to the candidates. If those periods cannot be had free of charge, then they should be reimbursed fully and not only to the extent of 50 per cent as provided for in the bill.

Mr. Speaker, this is a basic principle, and if we want to stick to the basic principles which should prevail in a democracy, if we do not want the power of money to elect the members of parliament instead of the power of conviction, we must reach the point where all expenses for publicity over television, radio and in the press, at least the dailies, are reimbursed in full and not only up to 50 per cent.

Mr. Speaker, one point has not been mentioned in this bill although it is of major importance: we know that it is of the utmost importance for every candidate to have a representative at the poll during a general election. That is essential if reasonable supervision is to be exercised and abuse avoided.

• (1430)

The act does not mention any expenditure relating to polling agents. This is essential if we are to obtain justice and equality for all in the field of elections.

As for the agents of political parties or candidates, it would be quite easy to solve this problem by considering them, for example, on the same footing as deputy returning officers and clerks and pay them directly in the same way as the special officers appointed on polling day.

It should be recognized that in addition to the deputy returning officer and the clerk, the candidates' representatives should be automatically paid for their services during that day by the Chief Electoral Officer.

Mr. Speaker, this point is so important that I would like to elaborate on it because this is a matter of votes in polling stations and it is extremely important that each candidate be represented.

Since elections take place either on Mondays or Tuesdays, it is sometimes difficult to find people to represent a party at the polling station without paying them. If elections took place on Sundays, this problem would not exist, but since the present law requires that elections take place on Mondays or Tuesdays it follows that candidates' agents at the polling station must lose one working day and when the candidate does not have sufficient funds to pay them, he is the victim of an injustice.

Moreover, if this essential question could be resolved as I suggested, this would ensure at the polling station a degree of honesty essential to fair elections.

It is, of course, easy for the well-organized parties enjoying huge election funds to give those people $20, $25 or $30, as the case may be. If there are 200 polls, and if the average pay is $25, the salaries of the party agents at the poll will amount to $5,000. Since it is essential for a candidate to have an agent, then these special agents should be remunerated as are other officers in polling stations.

When the by-election was held in the county of Trois-Rivières, I had an opportunity of noting certain anomalies which are still prevalent although they should be weeded out, that is the considerable number of people and agents who are hired by some political parties in polling stations to monitor and inform.

In a church basement at Trois-Rivières, there were 17 polling stations. There were some 60 agents at the entrance who were paid by the Liberal and the Progressive Conservative parties and whose very presence intimidated incoming electors.

The law should provide that a candidate may, if necessary, have only one agent at the polling station. What are these so-called agents doing there since they are paid by the old parties? They only check the lists of electors to see whether the name of Mr. So-and-So has been duly entered and they ask him although they have no right to do that since they have no business being there. So, they intimidate the poor voter in this way, particularly if he is already a little shy. This could be considered as a final attempt to influence the vote. All this should disappear. But what should we substitute to it?

It would be very well for neutral officers appointed by the chief electoral officer or by his returning officer in each constituency to be present in every poll. These agents would be there simply in order to inform the voter when he arrives at the door and tell him where he must vote and if necessary give him the required information. But this must be done by utterly neutral agents. It must be considered here that voters are adults, since the right to vote is granted to adults. They are able to perform their duty by themselves, without being surrounded by squads of special agents appointed by some political parties.

This is why, Mr. Speaker, we consider it necessary in such a bill to avoid all the shortcomings and abuses which took place during elections. I think that our suggestions certainly deserve to be considered and carried out.

Mr. Speaker, there are peculiarities in this bill which, with your permission, I should like to bring to your attention.

For instance, on page 4, there is no indication as to the number of authorized agents a political party may have. I think the bill should be made more precise in this respect and specify exactly the number of authorized agents for each political party.

Paragraph (8) of clause 13.1 reads as follows:

(8) Every payment made by or through a registered agent in respect of any expenses of a registered party shall, except where the payment is less than twenty-five dollars, be vouched for by a bill stating the particulars and by a receipt.

What I find strange here are the words "except where the payment is less than twenty-five dollars". Thus only by distributing $20 bills by the thousands, it would be possible to run up fantastic expenses without the necessary receipts. It should be noted that this might very well happen and there have been some such instances in the past.

In paragraph (11) of clause 13.1, there is also the matter of charges which must be paid within six months after they have been incurred. I think there should be a little more time in cases of this kind. If someone is willing to advance funds to a political party and willing to wait one year for reimbursement, I don't see why this should be forbidden.

In paragraph (1) of clause 13.3, it is indicated that auditors who are appointed for candidates or political parties must report to the chief agent who in turn has to report to the Chief Electoral Officer. I wonder, for the sake of security, whether it would not be appropriate that the auditor himself report directly to the Chief Electoral Officer.

• (1440)

Mr. Speaker, again these are suggestions. We shall introduce amendments, if need be, but if the minister would immediately consider these suggestions, he himself could move the proper amendments.

I would also speak to the 20 per cent of the votes cast, the required 20 per cent for a candidate to be entitled to a refund, to a fraction of expenses incurred.

Mr. Speaker, once again we must be practical and consider that in theory, it may happen that a candidate might get slightly fewer votes than the winner—100, 200 or 300—and still not have 20 per cent of the votes. This could happen. At the last provincial elections in Quebec, some

members were elected with 26 or 27 per cent of the votes. Thus, theoretically a defeated candidate may be very close to the winner and not have obtained 20 per cent of the number of votes cast.

Instead of speaking of 20 per cent of the number of votes cast, we could say 25 per cent of the number of votes cast for the winner. It would be more fair, I think, for all the candidates. There are at present at least four official parties that put up candidates in almost every riding. If, at a given time, there was a close contest between the four parties, each party could theoretically get 25 per cent. Thus, that is when the candidate gets 20 per cent of the number of votes. In such a situation, this result becomes fantastic.

We should rather say 25 per cent of the number of votes obtained by the elected candidate, our electoral system being what it is, based on the principle of the simple majority on the first ballot.

There is another aspect of this bill that is worth mentioning. A maximum fine of $25,000 is provided in the case of political parties that would be guilty of an offense against this act.

Mr. Speaker, when one knows about the astronomical amounts spent by certain political parties during an election, when one knows that those expenses amount to millions of dollars, one will understand that paying $25,000 for violating the law would not be very much for old political parties. They will readily pay those $25,000 for they have plenty of money.

The paying of such a fine would not make much difference in situations such as those we have unfortunately known and will probably see again.

It would seem at first sight that the object of this bill—I would not like to question the motives of the President of the Privy Council—is to favour the Liberal and Progressive Conservative parties' election funds.

Mr. Pepin: Poor little martyr.

Mr. Matte: Indeed Mr. Speaker, some election funds are well supplied. Methods were devised so that corporations of all kinds and individuals may make contributions to political parties. And God knows that it is being done. The hon. Minister of Regional Economic Expansion (Mr. Marchand) puts this principle into practice when he writes for example to all the corporations to which he granted subsidies, inviting them to contribute to the Liberal party's election funds. There is no doubt that huge amounts are expected.

I think that we should pay more attention to such things, in order not to alter the results of the elections.

Mr. Speaker, the bill also says—this seems to be another important part of this legislation—that some tax exemptions will be available. We are all for that but, again, this will benefit mostly those who can offer considerable sums of money to the political parties. On our side—everybody knows it—we are a basically popular party that exists only through the willpower of the people at large. All those things are foreign to us. Those who are being elected exclusively on matters of principle and conviction are always somewhat surprised at the potential of well-lined electoral coffers.

Anyway, we heartily hope that this legislation will be so amended that the ideal situation might be pursued, that is to allow to people full freedom of speech something which must be safeguarded even more when elections come since at that moment the voter makes the most important decision. We therefore have before us a legislation directly related to the voter's freedom of speech.

We should therefore consider all possible ways to ensure more freedom of speech by means of such a bill, provided the government is prepared to accept our suggestions and our amendments in due course.

[*English*]

Mr. Erik Nielsen (Yukon): I shall be very brief, Mr. Speaker, but I must put in a word or two about one or two of the exceptions to the exceptions for which provision is made in this bill. I speak not only for myself, but for my colleague the hon. member for the Northwest Territories (Mr. Orange), though I am sure there are one or two other constituencies, such as for example, Grand Falls-White Bay-Labrador and Coast Chilcotin where there is an absence of conventional means of transportation. I speak specifically of the clause in the bill which deals with the reimbursement of travel expenses. I hope the government will seriously consider amending the bill in committee so as to deal with a defect which, in my view, is very glaring.

Hon. members who refer to this clause on page 18 of the bill will find that it limits the reimbursement of travelling expenses to a maximum of $3,000. Now, where there are no scheduled airline services, where there are no roads and where it is not possible to reach certain portions of constituencies, such as the Northwest Territories and the Yukon, without chartering air services, hon. members will realize at once that this amount of money disappears very rapidly when applied to transportation. For example, $3,000 would pay the cost of two return trips from White Horse to the northernmost portion of my constituency at Old Crow.

As to my colleague from the Northwest Territories, there is no way he can travel from Yellowknife to the easternmost portion of his constituency without coming down to Edmonton and taking a commercial carrier into the eastern Arctic. From that point he has to charter air services. It is impossible to undertake this kind of travel for an expenditure of $3,000. The two factors to be taken into account are the absence of conventional means of transportation and a lack of easily accessible communications media in those two large northern constituencies.

I would remind you, Mr. Speaker, that the Northwest Territories makes up a constituency which is 1,300,000 square miles in area. It is not possible to get around a constituency of that size on $3,000. I did not look at the last return of election expenses put in by my colleague from the Northwest Territories, but if he did not he should have spent some $10,000 on transportation. In the Yukon, I can state quite frankly that my average over the seven elections that I have gone through in the last 14 years has been $5,000. There is no way you can cut that figure any finer.

• (1450)

I would draw to the attention of the government that not only are these two northern areas—the Northwest Territories more so than my own riding—lacking in road networks, railroads and commercial air services, which places a financial burden on the shoulders of any campaigner, but in addition they suffer from a lack of conventional radio networks and conventional television networks as established here in the south. The burden placed on campaign organizations to finance other means of communication is very great. We do not reach the majority of our voters by radio and television but by means of printed material which is published in the form of flyers, booklets or letters, and postage is another factor that has to be taken into account.

In view of these differences, I suggest that the government seriously consider amending the bill before us and making exceptions of these not more than half dozen ridings in Canada that are handicapped as I have described. I am sure that the matter will be raised in committee, and in discussing it with the House leader a few moments ago he was not averse—in fact, he was quite amenable—to considering the exceptions that I drew to his attention. But without such amendments, and without limiting the expenses that can be laid out in an election campaign, the provisions set forth in the bill almost mean that candidates may as well stay at home.

Another of the limitations set forth in the bill is the $1 for each of the first 15,000 electors on the list of eligible voters. There are in excess of 15,000 eligible electors in the Northwest Territories but substantially less than that in the Yukon. So not only is a burden imposed on campaigners in northern ridings in regard to transportation costs, but because of the smaller population we also are severely limited under the $1 per voter formula.

The election campaign expenses in the Yukon that have been filed following the last three to four elections have varied between $20,000 and $25,000, and I am sure a similar amount would have been spent in the Northwest Territories—indeed, it should have been substantially more. I can see no reason for not limiting these expenses to a sum in the order of $15,000, and in the Yukon $5,000 should be set apart for transportation and the other $10,000 split between printing costs and other expenses. In the Northwest Territories, a ball park figure would be of the order of $25,000 to $30,000. What it would be for Coast-Chilcotin or Grand Falls-White Bay-Labrador, I am not prepared to guess; I am more familiar with the two northern ridings.

Therefore, I suggest there must be a reassessment made regarding the section of the bill that (a) limits expenses on the basis of number of voters in a riding, and (b) limits reimbursement of travel expenses in light of the lack of conventional communication facilities in the north compared with those in the south. With those remarks I hope that the government will reassess their position in the matter, reconsider the provisions of the bill affecting the two northern ridings and one or two others in this country, and introduce the appropriate amendments at the appropriate time.

[Mr. Nielsen.]

Mr. Andrew Brewin (Greenwood): Mr. Speaker, the Barbeau committee in its report on the history of Canadian election expenses legislation had this to say at page 13:

> The legislative response to the problem of money in elections throughout Canada exhibits a consistent but melancholy pattern.

I must say that the latest chapter in this history, Bill C-211, has not escaped that pattern. It is still a melancholy pattern full of gaping holes, and the largest and most glaring is the failure to deal with what is the nub of the whole question of election expenses, that is a firm limitation of expenses by parties as distinct from candidates. Any legislation that purports to control election expenditures by candidates but neglects to control election spending by parties is, at best, a halfway house and, at worst, a sham and an evasion.

What should be the aim of legislation in this field? In my view, genuine democracy involves equal rights and opportunities for all citizens without regard to the size of their bank accounts. A system which provides for the financing of election campaigns through large and secret campaign funds from corporate interests and other wealthy interests is a denial of genuine democracy. It involves the purchase, indirect though it may be, of influence for the chosen few. Any system that depends on financing from a corporate elite which already have enough power breeds public apathy and disillusion. It means that while we have what is partially a democratic system, it is in essence a system of plutocracy. This is what I find today and the legislation before the House does nothing to alter it.

I agree that some democracy is better than no democracy, but what we need is a more perfect democracy, and this can only be obtained if our representative system is fair and just to all. If parliamentary democracy, for example, can be regarded as a race for the honour of representing the people, then the present system handicaps the poor and bonuses the rich. When the race starts, some candidates are miles in front of others. The parties and individuals that possess the necessary money to advance their cause before the voters have a tremendous advantage over those who do not. In North America, this system has reached the point where to be a candidate for high office in the United States you have to be a millionaire. Indeed, perhaps I am behind the times and you have to be a multimillionaire in order to succeed.

• (1500)

In my view the Barbeau committee report is an excellent report, one of the best I have read on this subject. I want to read to the House some of the recommendations in that report which I think ought to be incorporated in legislation in this field. These recommendations are found at page 37 of the report and read as follows:

> Political parties should be legally recognized and, through the doctrine of agency, made legally responsible for their actions in raising and spending funds.

I take it that "legally responsible" means they must be controlled and checked in that function. The second recommendation reads:

> A degree of financial equality should be established among candidates and among political parties, by the extension of certain services and subsidies to all who qualify.

That is done in the present legislation, but in my view is done inadequately and in the wrong way. The third recommendation is as follows:

An effort should be made to increase public participation in politics, by broadening the base of political contribution through tax concessions to donors.

That is covered in this legislation and is welcomed; I think it is a very sound provision. Recommendation No. 4 reads:

Costs of election campaigns should be reduced, by shortening the campaign period, by placing limitations on expenditures on mass media by candidates and parties—

I point out that the recommendation includes the words "and parties", but the legislation ignores the importance of parties in this whole field and is totally inadequate to solve this problem. Recommendation No. 5 reads:

Public confidence in political financing should be strengthened, by requiring candidates and parties to disclose their incomes and expenditures.

I do not think that is adequately done in this legislation. The report then outlines that enforcement machinery through a registry and the supervision of a registrar should be established. I am not satisfied that the present legislation includes adequate provision for enforcement.

When I was first elected to parliament this subject of electoral reform was one of the subjects I felt most strongly about and I hoped during my career in the House to be able to contribute to it. Some years ago I introduced a private member's bill directed to this very subject. When the Barbeau committee was appointed in 1964, making its final report in 1966, I thought we were making excellent progress in this field.

In 1968, when a prime minister was elected who had both privately and publicly expressed his convictions about the necessity of genuine changes in this field, I must say I was encouraged. I do not agree with the report of the special committee in all its details but I think it was an achievement in the history of legislation in this field when the special committee appointed to deal with this matter reported unanimously. Some of its conclusions were the result of compromise but, nevertheless, it was an advance in the field.

Now we have Bill C-211. I am afraid it may be too late. If I had not heard something about an announcement made today, I would have said it was definitely too late. When I prepared my notes I had assumed the impossibility of this legislation being adopted before the next election. I was going to characterize this legislation as window-dressing for that reason. Now we have a breathing space and I urge upon the government, through the President of the Privy Council (Mr. MacEachen) who is in the House at the moment, that there is a challenge to them to ensure that this legislation, amended in accordance with the will of this House to make it more effective than it is at the present time, should be passed before the next election. If it is not, it will be a test of the sincerity of the government and its desire to reform this vitally important field.

I spoke about the inadequacy of this legislation and said its most glaring inadequacy was its failure to place any limitation upon the expenses of political parties. Everybody knows that major expenditures in an election are made by political parties and not individual candidates. Everybody knows that the major scandals in the history of Canada in this field are related to political parties and not individual candidates. I suggest this is a gap which must be filled if parliament is to be able to say it has grasped the subject and dealt with it adequately.

At page 16 of the Barbeau committee report I find a judgment on the law passed in 1874, nearly 100 years ago. It reads:

By failing to come to grips with the reality that politics is more importantly a party process than an individual process, the framers of the 1874 law failed to put together a workable framework for legislation control.

That is precisely the situation we are facing here. Almost 100 years after this ineffective legislation of 1874, we in 1972 are being asked to put into effect legislation which fails to come to grips with the reality that politics is more importantly a party process than an individual process. The report goes on to state, as I have read, that the framers of the 1874 law failed to put together a workable framework for legislative control, and I say that is precisely true of Bill C-211 which fails to put together a workable framework for legislative control of expenditures by parties. In that respect there is a major defect in this legislation.

This legislation will not satisfy the people of Canada or the demands of a popular democracy unless it is remedied before being passed by the House. I do not want to go into all the details, because obviously second reading is not the right place to do so, but there is no provision in this legislation for disclosure of the sources of campaign funds except in regard to candidates, and even in that respect it is inadequate.

I have somewhere here a copy of the remarks made by the President of the Privy Council in introducing second reading of this legislation, but I seem to have mislaid it for the moment. He said no case had been made for special legislation to the effect that foreign sources of support and campaign funds for elections in Canada should be disclosed. I suggest to him it is self-evident that in this country it is highly important, if we are to be influenced by foreign sources in our electoral processes, that this should be known to the Canadian public.

I say to him that the very least this legislation should do—and I do not see that it does it at all—is include provision for the disclosure of foreign sources of contributions to candidates or parties in an election. I suggest those who are worried about our independence should concentrate their minds on this particular subject. It has always been my view that the greatest problem in respect of independence is in obtaining independence of mind and independence of our political system. I suggest that related to that is independence of our political machinery, and we cannot have complete independence if we are to have undisclosed contributions of political funds from foreign sources.

I must say I was amazed at the President of the Privy Council saying there was no reason shown for such a provision. I say this legislation is defective unless it provides adequately for full disclosure of all campaign funds, especially those which come from foreign sources. I do not think any political party in this country wants to be

beholden to foreign sources for campaign contributions, and the best remedy against this would be provision for full and adequate disclosure.

I wish to deal with just one or two other matters. As far as I understand the legislation, the present provisions with regard to disclosure by candidates and the reporting of sources of their campaign contributions remain unchanged. I suggest that is inadequate. We all know that under the present system campaign funds are lumped together and put in the name of a nominal contributor such as the riding association of a political party or a trust company, and that various other machinery is used to conceal the real source of contributions to candidates. If we mean business in this field we will ensure that the legislation provides that the real source of campaign contributions cannot be hidden in this way.

• (1510)

There is one other point. I understand this legislation provides for the reimbursement of candidates up to 25 per cent of their actual expenses plus $250 which, as I understand the remarks of the President of the Privy Council, is designed to deal with the expenses of an auditor who is required under the legislation. I find this provision very unsatisfactory. Surely a fairer provision would not provide 25 per cent for an individual candidate but, rather, a basic allowance for all qualified candidates. In effect, this is a bonus for candidates who have the means and the desire to spend a large sum of money.

I recognize, of course, that there are limitations in various cases up to about $30,000 for each candidate and therefore there is a limit on the amount of reimbursement he can receive. But I do not understand why a candidate should be reimbursed at a lower level for the needs of his campaign because he spends $5,000 rather than $25,000. If the purpose, as I understand it, is to equalize the situation, surely there should be a basic allowance for all qualified candidates rather than reimbursement based on what they spend on their election campaigns.

I was pleased that the minister said in his opening remarks that he is ready to accept suggestions and has an open mind. I remind him that this legislation is an historic step toward a more real and genuine democracy and it is of the utmost importance that it should contain all provisions necessary to that end. I want him to fill in the gaps. I hope he will proceed with an open mind and suggest that he should accept some of the recommendations of the Barbeau committee and of the special committee which are not contained in this legislation.

I hope, above all, that he will accept the proposition that if candidates are to be controlled in respect of expenditures, parties must also be controlled—because it is the parties which spend millions of dollars and which perhaps are unconsciously influenced by the source of campaign funds. Unless we do that, this measure will be a half-measure at best, and a sham.

Mr. G. W. Baldwin (Peace River): Mr. Speaker, I am glad an opportunity is now being given to me and other hon. members to participate in this debate, an opportunity which at one time we thought might have been denied us. Now, however, the Prime Minister (Mr. Trudeau) has—I believe most improperly—told the press, rather than this House, that there will be freedom from an election during this summer. We will now, therefore, possibly have a chance to consider this bill in detail.

[Mr. Brewin.]

I shall not comment, as I am not entitled to, on the statement of the Prime Minister, other than to say it appears he has yielded to the fears and tears of members of his party from Ontario and other parts of Canada and has postponed the election. However, I hope hon. members who appear to have something to say will now enter the debate and give us the benefit of their views on this subject.

First of all, I support what the hon. member for Yukon (Mr. Nielsen) said concerning the special circumstances of the constituencies in the far north and those parts of Canada which because of their area and access to means of communication present very special problems to candidates and voters in an election campaign. I recall the first election in which I was a candidate, I believe in 1935. I was too young at that time to know better; I was seduced into politics! In any event, I recall the various means of transportation I had to use, such as boats, aircraft and snowmobiles in an election campaign which lasted for months.

There is no question that the situation has improved since then. The means of communication in the north has improved. The scattering of isolated communities in the north and in the near north is such that I believe the eloquent pleas of the hon. member for Yukon should commend itself to the President of the Privy Council (Mr. MacEachen) and other people on the government side. I shall not suggest a formula. I believe the situation should be looked at and, hopefully, the committee is the place where this might be done. I hope that evidence will be called before the committee.

The President of the Privy Council may react by saying that the Barbeau committee had witnesses before it, and also the committee of this House. But now we have concrete, specific proposals by the government and I do not think it would do any harm to receive at least a limited amount of evidence or briefs showing a reaction to what is in the bill and, possibly, alternatives or additions to it. Certainly, such evidence or briefs should be directed to the issue raised by my hon. friend from the Yukon. There is no question that elections are costly in such a riding. There is the cost involved and the wear and tear on the people. These are such as to warrant special consideration.

I have campaigned in the Northwest Territories on behalf of candidates there. My own riding adjoins that area and I know what is involved. I do not know whether the situation can be resolved by taking the population plus the area involved, with special consideration being given to the means of communication. This principle has already been accepted by the House. The amendments to the Senate and House of Commons Act, made some time ago, place members from different constituencies in different categories in respect of expenses. That principle having been accepted, I would especially urge the standing committee which studies this bill not to forget the very special conditions which exist. Having been involved in election campaigns in such an area in the early days, I know the extent to which the situation has improved in

the southern parts of my constituency—but the problem still exists in the north. I am sure my hon. friend from Athabasca (Mr. Yewchuck), whom I believe will enter this debate, will agree with what I say.

Finally, I want to bring once more to the attention of the House the very eloquent and reasoned comments of my hon. friend from Hillsborough (Mr. Macquarrie) whose amendment has been ruled out of order but who, nevertheless, made a certain proposition which he would have used as a basis of support for his amendment had it been accepted. I shall not go into the detail of the bill itself; the hon. member for Hillsborough did that to some extent.

There is no doubt that all of us as practical, seasoned people involved in public life will recognize that no matter what this statute may say, ways and means will be found, not of evading it but of avoiding it. There are a variety of ways, such as committees formed of friends of a party, or friends of a candidate who will be free to seek out means by which what is proposed in the bill, the real pith and substance of the bill, can be set aside to a large extent.

• (1520)

No doubt if loopholes are discovered, they may be plugged later. But I suggest that what I hope hon. members had in mind, what I think the Barbeau committee had in mind and what I am sure the House of Commons committee had in mind, was some real and honest way of limiting and controlling election expenses. While this is a modest beginning in that direction, I am convinced it will be found that when legislation is put into effect at the next election, so many loopholes will be found in it that in many respects it will be, not a farce but almost a nullity.

For this reason, while this consideration takes place—and this is a continuing process which may take ten years to be astute, vigilant and alert enough to find out what those loopholes are and to plug them—I suggest to the House and to the country that the proposal made by the hon. member for Hillsborough to shorten the period of election campaigning is a sensible and logical course to undertake, not as an alternative but as an additional means of limiting and controlling campaign expenses.

There is another reason as well. Today, the people of Canada are well served by the various communications media. They are well served by members of parliament on all sides of the House who through the use of these media and frequent trips to their constituencies are able to keep the public of Canada well informed through the use of the adversary system. I would like to think that most people in Canada today are pretty well informed on many of the political and public issues dealing with our social and economic life. This being the case, I view with abhorrence, as I am sure a great many hon. members do, the length of campaigns of the sort which we have had in the past, lasting 2½ months or three months.

I say with all the strength at my command that this is not necessary and that three weeks or a month at the most is completely adequate to pinpoint the specific issues on which the parties divide and where there are conflicts—and then let the jury decide! When members of the legal profession address the jury in a murder trial or in civil action, we know that one can get to a point where one can lull the jury to sleep. You do not repeat your arguments ad nauseam; you make your case and then you shut up. This is the situation which should prevail with regard to election campaigns, and also with regard to answers by the Minister of Industry, Trade and Commerce (Mr. Pepin).

Mr. McBride: How about debates in the House of Commons?

Mr. Baldwin: If occasionally we could get intelligent contributions from the other side of the House, we could have a yardstick by which to judge.

I say with all sincerity that surely by now we have made a case for a shorter election campaign period. There may be problems in legislating to that effect, but I do not think so. If we were able to say that only during the period of 30 days prior to the election date expenses could be incurred, expenses within the meaning of this act, and only within that time expenses could be incurred which would be acceptable, this could be placed within the framework of the legislation.

The people of this country become nauseated by the continued expression of political diatribe during the course of a campaign of 2½ months. The leaders of our political parties have imposed upon them very severe strains. I do not think that national leaders should have to be exposed to election campaigns of this length. Our friends to the south find it even worse. In the Congress of the United States they have been seeking ways and means of shortening election campaigns. Their constitution, however, makes it very difficult for them to do so.

We have an opportunity now and a vehicle by which to achieve this, and I hope the committee will look at this proposal very seriously. I hope they will consider the extent to which television and radio are utilized during the course of an election campaign. I do not think it is necessary for people who would like to see "Sesame Street" or "Blood of Dracula" to view instead the Prime Minister.

I do not mean to make a joke of it, but I suggest that there is one way—and I do not eliminate the other methods—by which we can certainly limit and control campaign expenditures, and that is by ensuring that the length of the campaign is drastically shortened to no more than 30 days. A stipulation should be attached to the effect that expenses of any kind incurred before the 30 days will not be counted and cannot be considered as being official campaign expenses.

I make this plea and ask the committee to consider it. Perhaps they are not yet ready. We do not know when this legislation will be first used. We do not know when the Prime Minister will call an election and we do not know whether the legislation will be in effect when the election is called. There is some doubt as to when it will be effective and some suggestion that, apart from the question of six months, it can only come into effect at some period after January 1, 1973. I have not directed my attention to that but possibly the committee will. If it is feasible for the legislation to become applicable during the course of the next election, I would ask the committee to take a very serious look at this proposal as it has been advanced by the hon. member for Hillsborough and supported by myself.

Election Expenses Bill

Mr. John Burton (Regina East): Mr. Speaker, welcome as this legislation is, welcome as is any legislation in the field of election expenses, I think we have to enter a large caveat with respect to the specific provisions of the bill and its over-all impact on this matter. My colleagues, the hon. member for Regina-Lake Centre (Mr. Benjamin) and the hon. member for Greenwood (Mr. Brewin), have dealt with a large number of points involved in this bill, the points they accept and the ones they criticize. I do not intend to go over the same ground that they covered.

I would like to discuss this bill taking into account two points. First of all, I think we need to relate the legislation to our society, to the relationship between government and people and to the role that government plays in society. I think there are serious questions we must ask, because whether we like it or not there are a great many people in Canada who are becoming disillusioned with the way in which the system operates. They are becoming disillusioned with democratic processes because all too often they see the sham and the hypocrisy that is involved in certain events, all too often they see what is done for the sake of gaining or retaining power. There is a large-scale reaction among many Canadian people to these phenomena. People are more aware than ever that some of the forces which control the destiny of our country also control the well-being of Canadians.

• (1530)

People are more aware of this now than they were in the past. They do not like what they see. They do not like the performance of the past several weeks culminating in the announcement today by the Prime Minister (Mr. Trudeau) that there will not be an election this summer. At least that doubt is removed and we know there will not be an election for some time, although the Prime Minister has been playing cat and mouse with the country for several months. People do not like to see our electoral system being played with; they feel it is not in the best interests of the functioning of democracy and see it as part of the process of breakdown of our democratic institutions. We should be looking for some change in the system of calling elections so that the power will not rest in the hands of one man as it does now under our constitution.

That is one part of the picture, Mr. Speaker. Another part concerns this legislation. I think most people will welcome legislation governing election expenses, but they will be disillusioned because of some of its loopholes. There is no requirement to disclose campaign contributions, nor is there any limitation on expenditures by national political parties, and when people realize this I believe they will reject what otherwise could be a very good piece of legislation. The government should give serious consideration to this question because people are becoming concerned about many aspects of the functioning of our democracy. They see the role that money plays in persuading people and they are aware of the power of advertising in today's society.

I believe more effective provisions are required in respect of the disclosure of campaign contributions. In this party we are prepared to take our chances along with everybody else and have our contributions made known. People like to point out that the trade unions make contributions to our party, but we are prepared to make that information available provided the same information is made available by the other parties. We want it made known what contributions are made by corporations and the role they are playing behind the scenes in the electoral process.

[Mr. Baldwin.]

An hon. Member: What about trade organizers?

Mr. Burton: We are quite prepared to make everything known, but we ask that the other parties do the same. Hon. members opposite should have the courage to do this rather than trying to take refuge behind some form of camouflage. It is a great chance for government members to carry on in the same way if all sources of contributions to the Liberal party are not made known to the people of Canada.

I know of one case where there will be a great deal of concern, Mr. Speaker. The Standing Committee on Regional Development, of which I am a member, has been examining some of the incentive grants made to private industry. There have been about 1,400, some large and some small. As a result of questions asked in committee it has been learned that three large grants have been made to McCain Foods Limited, a food processing firm in the province of New Brunswick. It is well known that in 1968 one of the senior personnel in this firm acted as Liberal campaign manager in New Brunswick. I understand, too, that McCain's financed the leadership campaign of the provincial Liberal leader in New Brunswick and they are presently playing an active role in political affairs in that province. Of course, that is their right as it is that of any other citizen, but they have a lot more power than other people. In committee we learned that $3.2 million in grants had never been reported to parliament as is required by section 15 of the Regional Development Incentives Act.

I hasten to add that as a result of some members, including myself, digging out this information, the minister has now given an undertaking to supply parliament with a supplementary report setting out information on some 90 firms where changes in grants have been made and where the net change has totalled an increase of $7 million. I hope that information will be available within the next few days so that this matter can be examined properly before the end of the month. I found out that the first application for a grant, for a new potato processing facility, was made on December 19, 1969; the date of the offer was November 2, 1970, and the date of acceptance was December 9, 1970. The total amount offered in this grant was $6.1 million and some of that money has already been paid out. Two more offers of grants were made, one for $633,000 and another for $443,000. Grants of some $7.1 million have been offered to this firm which is a leading figure in the New Brunswick Liberal party.

Another interesting fact should be noted. An important official in the department, Mr. George McClure director of operations for the Atlantic region joined it in February, 1969, and left on August 1, 1970, to join the firm of McCain Foods Limited in a high executive position. At the time he left, three applications for grants had been received from McCain Foods Limited, one on December 19, 1969, one on May 22, 1970, and one on June 8, 1970. One of these had been offered on July 22, 1970, prior to his leaving, the

other two being offered on August 28, 1970, and November 2, 1970.

Mr. Speaker, in committee I stated that I felt there was a potential conflict of interest here and asked the minister or his department to look into the matter. They reported on the investigation and said it had been found that this man was involved in the operations part of the department's programs in the Atlantic region and that any decisions or evaluations of offers and grants under the Regional Development Incentives Act were made by the incentives division of the department.

I accept the word of the minister and his deputy in this regard, Mr. Speaker, but surely the various divisions of the department have contact with each other. It is ridiculous to suggest otherwise. It was made quite clear that this man had been involved in discussions with McCain Foods Limited about their expansion plans, yet he went directly from the federal government service into the employ of McCain Foods Limited.

Mr. Cullen: I rise on a point of order, Mr. Speaker.

The Acting Speaker (Mr. Laniel): Order, please. The hon. member for Sarnia (Mr. Cullen) rises on a point of order.

Mr. Cullen: Mr. Speaker, I wonder whether the hon. member is going to speak on the subject matter of the bill, or is he to be allowed to continue the smear comments that he has been making for the last five minutes?

Mr. Skoberg: You can't take it.

Mr. Burton: Mr. Speaker, the matters to which I have related in the last several minutes are matters of fact which have been stated in the committee by the Minister of Regional Economic Expansion (Mr. Marchand) and his deputy.

• (1540)

Mr. Skoberg: Disclosure, my boy; that is what's wanted.

Some hon. Members: Oh, oh!

Mr. Burton: Here is a case in point, and I use it as an example to show that possible conflicts of interest may be involved. Of course, it may not be possible to answer some pertinent questions at this time, although it is well known that the firm in question has dipped into the public treasury to the tune of $7.1 million. It is a well known beneficiary of and an active participant in the affairs of the Liberal party of New Brunswick. That is a matter of record and hon. members opposite cannot quarrel with it; it is a fact. Furthermore, these facts are known to the public. Mr. Speaker, the people know that some of these things are going on, even if the specific facts are not available. It is this process by which one political party is able to maintain itself in power that is leading to growing disillusionment in the democratic process.

Until we deal with the problem of identifying contributions, no matter by whom they are made, to political campaigns and political parties I suggest that we will not obtain effective legislation in the field of election expenses. Thus, I urge the President of the Privy Council (Mr. MacEachen) who introduced this bill to look seriously at that particular part of it. I suggest that unless this area is considered, the people of this country will know that this bill is a sham.

I know the minister made the point that the bill follows the recommendations of the committee. I concede that point. I suggest, nevertheless, that some members of the committee disagreed with that recommendation. They wanted to make progress in that field. They came forward with their report because they wanted progress to be made. I suggest that we could go beyond that point. The time to do that is now, while this legislation is before the House. This is the occasion for dealing adequately with the matter. When the bill goes to committee let us give it further consideration and make sure that adequate provisions are included concerning the disclosure of campaign contributions.

Mr. Woolliams: That would be an interesting exercise.

Mr. Paul Yewchuk (Athabasca): Mr. Speaker, legislation concerning election expenses and various regulations governing general elections in this country have come forward from time to time during the past 105 years. The legislation and regulations have been amended from time to time since then, but never to the extent that this bill proposes. Some of the legislation that was passed was designed to curb or control corrupt practices. The idea behind this bill is somewhat different. On the surface, it sounds like a democratic measure. Apparently it is aimed at giving people with moderate incomes the same chance to enter politics as is available to those with much higher incomes. It is difficult to argue against that principle if taken by itself. All the same, one must consider many factors about this bill before coming to some kind of logical and reasonable conclusion about it.

In 1873, I think it was, the first example of corrupt practices came to public view. That stimulated the introduction of legislation dealing with this matter which was introduced in the following year, 1874. Then legislation in this field was passed in 1908 but there was nothing further until 1920 when amendments were proposed by the prime minister of the day, Arthur Meighen. Those amendments were to the Dominion Elections Act and were designed to clarify a number of points in the existing legislation, such as exceptions to the rule that all payments must be made through the official agent. There was also a clarification of personal expenses and the amendment changed the penalty for default in publishing a statement of expenses.

The 1920 legislation expanded the scope of publicity by requiring that candidates disclose contributors and amounts contributed. Although this was an improvement, much of the usefulness of the new provision was made ineffective by two continuing failures, those being the nonrecognition of political parties and the lack of enforcement provisions for dealing with infringements of the act. Since 1920 no new laws of any significance have been brought down, although many pleas for reform from the media and the public have been expressed from time to time since then.

There is only one documented case of a member being unseated under the old regulations for corrupt practices; otherwise the law was not enforced. Some of the reasons

for that lack of enforcement are, first, that the established parties have been unwilling under the old legislation to initiate action against each other; second, that the trouble and cost of contesting an election suit about election expenses is prohibitive to the private citizen; third, that no organized, non-political agency has felt itself responsible or has been made responsible for prosecuting candidates violating this law on election expenses and, finally, that no governmental agency has felt itself responsible or has been made responsible for prosecuting candidates violating the law on election expenses.

The two main weaknesses of the legislation first enacted in 1874 and subsequently amended were, first, the failure to recognize political parties as essential units of political finance and, second, the failure to provide effective machinery for enforcing the law.

A long time after that the Coldwell commission studied this whole problem and made seven main recommendations which were not, so far as I know, ever included in the legislation. Those seven recommendations were as follows: first, that political parties should be legally recognized and, through the doctrine of agency, made legally responsible for their actions in raising and spending funds. Second, a degree of financial equality should be established among candidates and among political parties by the extension of certain services and subsidies to all who qualify. Third, an effort should be made to increase public participation in politics by broadening the base of political contributions through tax concessions to donors.

Fourth, costs of election campaigns should be reduced by shortening the campaign period, by placing limitations on expenditures on mass media by candidates and parties and by prohibiting the payment of poll workers on election day. Fifth, public confidence in political financing should be strengthened by requiring candidates and parties to disclose their incomes and expenditures. Sixth, a registry under the supervision of a registrar should be established to audit and publish the financial reports required and to enforce the provisions of the proposed election and political finances act; and, seventh, miscellaneous amendments to broadcasting legislation should be enacted to improve the political communications field.

I think it is fair to say that the art of democratic politics and the evolution of the communications media have always been closely linked. The increased use of mass media as a form of political propagandizing has become an accepted and necessary element of present political campaigns. The forbiddingly high cost of media advertising has become one of the main problems facing prospective and nominated candidates for public office. Hence, the principle behind this bill is, as I indicated at the beginning of my remarks, that it will bring greater equality between individuals in terms of their eligibility for public office.

• (1550)

First—and I think this is the main reservation that should be considered—is the fact that in general terms the amount of campaign funds that a political party can collect can be considered as a fairly accurate reflection of the amount of popular support that party has in the country. Because of that it is quite easy to see why my friends to the left are constantly suggesting that election expenses be limited. It appears they have difficulty collecting any significant amount of funds except by compulsory means in keeping with their compulsory philosophy. Not having very much public popular support and not being able to collect very large amounts of funds for campaign purposes, they are taking the alternative which is to limit the amount the other parties can spend. This has the same effect as increasing their own funds.

I was slightly baffled by the pious self-righteousness of the hon. member who spoke before me when he talked about conflict of interest between parties and their potential donors. I think it is quite well known that the party to my left depends largely on compulsory contributions from unions, some of them foreign-dominated and some of them not. It seems to me that it is no different from the point of view of conflict of interest when a union boss tells a member of that party what to say, when to say it and how high to jump, then it would be for someone from a corporation to tell other parties or try to get them to say what they want said. If you examine the structure, that kind of self-righteousness is not justifiable.

Mr. Burton: We will lay the cards on the table.

Mr. Yewchuk: Naturally that party will lay its cards on the table because the contributions are compulsory; they are deducted from the cheques in the same manner as income tax. There is absolutely no way they can get away with hiding this as a voluntary contribution. I recognize that workers have the right of opting out of this, but they do not usually do so if they want to survive. When we consider the remarks of the leader of that party and the decision made a day or two ago by the Canadian Labour Congress that they are going to throw their open support behind that party, we see that that party does not really reflect representation of the general population of this country when that might be considered as a conflict of interest.

We in our party have been subject to some criticism by the party to our left. They have criticized us for being puppets of big business—paid for, owned and operated by big business. This is a myth which I am sure any intelligent individual can recognize immediately. Evidence of this is the kind of constituencies we represent in this House. Just look at where the members of my party come from. Almost to the last man we represent fairly poor, economically speaking, constituencies such as rural ridings and ridings where—

Mr. McBride: You even have poor members.

Mr. Yewchuk: That is right. I will not reflect upon who they are, but I am looking at one right now. The point I am trying to make is that this party is by no means controlled, owned or operated by big business. As a matter of fact, it is controlled and operated by the average man in this country; the average wage earner, fisherman, farmer as well as the average businessman and occasional physician and lawyer. Unfortunately, we do not have any wealthy lawyers in our party, but I am sure that if we work at it we will be able to attract some of them.

We have a good deal of support from the rank and file of unions. I am sure this will be seen if we examine the

election results in certain areas where rank and file union people reside. They do not necessarily vote the way their union bosses tell them. While we are accused of being responsible only to big business, examination of the situation reveals that this is simply not the case.

Second, I want to comment on the idea of disclosure of sources of financial assistance for campaign purposes. I can only speak for myself; other members can speak for themselves. I do not know where the money comes from which finances my campaign. I have absolutely no knowledge of any individual, corporation or other interested group that may make donations. All I know is that we receive an allocation of funds from our central finance committee.

Mr. Skoberg: Now we know.

Mr. Yewchuk: Under these circumstances, I think a member of parliament is much more able to function as a free agent and to speak about what he thinks is right for the country without being subject to any kind of pressure from whoever the donor may have been. The party to my left is proposing that we know who gave us our campaign funds because that is the position in which they find themselves; they realize how uncomfortable it is to be subject to pressure from a particular pressure group.

Some hon. Members: Hear, hear!

Mr. Yewchuk: I am in a situation where I would rather not know. I do not want to be subject to pressure by a particular pressure group, telling me what I should be saying in parliament and for whom I should be speaking. I want to be able to speak honestly, sincerely and impartially in the way I think is best for my constituents and the country. Therefore, I am very vigorously opposed to the idea of naming individuals, corporations or any other groups which have made donations, whether big or small, to the political party which I represent.

Mr. Speaker: Order, please. I regret to interrupt the hon. member, but since we have reached the hour of four o'clock the House will now proceed to the consideration of private members' business as listed on today's order paper, namely, public bills, notices of motions and private bills.

* * *

BUSINESS OF THE HOUSE

Mr. MacLean: Mr. Speaker, perhaps the government House leader will confirm that the business for next week is as he has already announced or will there be any variation?

Mr. MacEachen: Mr. Speaker, the plan is to continue the budget on Tuesday and Wednesday. On Thursday I would like to return to the legislative list that I gave on Thursday last, beginning with the election expenses bill that was before the House a moment ago. If there are any changes, I will communicate them to hon. members.

PRIVATE MEMBERS' PUBLIC BILLS

BLUE WATER BRIDGE AUTHORITY BILL

AMENDMENT TO REQUIRE BLUE WATER BRIDGE AUTHORITY TO SUBMIT ANNUAL ACCOUNTS TO AUDITOR GENERAL AND REPORT TO PARLIAMENT

Mr. Mac T. McCutcheon (Lambton-Kent) moved that Bill C-16, to amend the Blue Water Bridge Authority Act (public and financial accountability), be read the second time and referred to the Standing Committee on Transport and Communications.

He said: Mr. Speaker, in rising to speak in support of Bill C-16 it might be well to review some of the events leading up to the situation as it exists at the present time. On April 30, 1964 it was my pleasure to second the motion proposed by Mr. Walter Foy, the then hon. member for Lambton West, as the constituency was then called, respecting Bill S-4 having to do with the international bridge over the St. Clair River known as the Blue Water Bridge. This legislation was brought about because it was necessary that somebody be charged with the maintenance and upkeep of the bridge.

• (1600)

It will perhaps be helpful to explain that the bridge, first built in 1938 with government help, paid off its indebtedness in a period of 23 years. During this time it was operated by the Michigan state bridge commission, but when the indebtedness had been discharged the United States bureau of public roads said that federal grants for Michigan highway construction would be withheld in accordance with an original agreement which stated there could be no tolls on the bridge or on highways in Michigan. Moreover, the village of Point Edward, Ontario, had not been receiving tax revenue from some of its most valuable industrial land upon which the Canadian approach to this bridge is located. Further, virtually no maintenance work was carried out during the period. What little work was carried out was done gratis by the Ontario department of highways. Heat and light in the customs and immigration office was supplied by the federal government.

Having regard to these facts, I was very happy to be the co-sponsor of the bill. Local papers congratulated the then hon. member for Lambton West and myself on the degree of co-operation we displayed at that time as a result of which the measure passed through the House in record time—less than half an hour, in fact.

The commission established to operate the bridge, I naïvely thought, would consist of prominent citizens of the area. However, the members eventually appointed read like a "Who's Who" of the Liberal heirarchy in Sarnia. As a practical politician I could see what had happened and simply assumed this was the way the cookie crumbled. One of the first things the commission did was to reimpose tolls. These were higher than originally envisaged but were accepted as necessary to provide for maintenance. Successive increases have been put into effect over the years, and as co-sponsor of the bill setting up the authority I wondered when some meaningful

financial statement would emerge from this semi-public body.

I myself believe the commission was operating quite responsibly, but in 1970 rumours started to fly concerning expense account living, trips abroad, and so on, on behalf of bridge commissioners. These were probably triggered by announcements of new tariffs. I felt some moral responsibility when the city of Sarnia, in a letter dated October 8, 1970, requested that certain financial data be supplied to them and asked why public notice had not been given of a hearing by the transport commission relative to the imposition of increased tolls. The answer to this request by the council is interesting, Mr. Speaker. I should like to quote the following excerpt from this letter dated October 14 and sent by Mr. John Blunt, the chairman, to Mr. Given, the city manager of Sarnia:

As you know, the Blue Water Bridge Authority was set up by act of Parliament as a private authority to manage and operate the bridge. As such, we are not in a true sense a public body nor are we agents of the Crown. We therefore are not required to publish our financial figures, although we do file statutory annual statements with the Auditor General.

In a later paragraph the letter reads:

I would be pleased to meet with you and your council at any convenient time to give you more background information, including financial statistics, but such discussions must be on an off the record basis.

Having regard to this attitude I placed a series of questions on the order paper in an effort to clear the air. This was on November 12, 1970. I also set down a notice of motion for the production of papers. Six months later I received what I might call non-answers to my questions. The following replies were received on May 26, 1971, and I append them to the question to which they relate.

QUESTION: On what date or dates did the governor in council, or any authority delegated by the governor in council order the Blue Water Bridge authorities to make its cost records and its cash receipts and disbursements records available, pursuant to section 19(1) of the Blue Water Bridge Authority Act?

ANSWER: In accordance with the requirements and responsibilities of the Canadian government, certain financial information, mainly with respect to tolls, has been submitted to the government by the Blue Water Bridge Authority under the provision of the Railway Act. No additional request for financial information has been made to date under the enabling authority contained in the Blue Water Bridge Authority Act, section 19(1)(a).

QUESTION: On what date or dates did the Blue Water Bridge Authority provide the governor in council or his designee with itemized, detailed and verified reports of the authority's receipts and disbursements under section 19(2)(a) of the act?

ANSWER: Not applicable.

QUESTION: Commencing with 1964, in what year or years were the accounts of the Blue Water Bridge Authority audited by persons designated by the governor in council or his designee under section 19(2)(b) of the act?

ANSWER: No persons have been so designated.

QUESTION: Has the Auditor General recently required from the appropriate department, information, reports and explanations concerning the operations of the Blue Water Bridge Authority?

ANSWER: No.

Compare these statements, which I received in answer to my questions, with the statement made by Mr. Blunt, chairman of the bridge authority, to the Sarnia city council. Take my question about the Auditor General and the reply: nobody has requested any information nor has any information been received. Compare this with the statement of Mr. Blunt in his letter to the city of Sarnia in which he said "We file statutory annual statements with the Auditor General."

I shall be charitable and say I believe that Mr. Blunt honestly does not know the difference. Not many individuals know all the technicalities surrounding the huge government we have here. So, as I say, I do not believe Mr. Blunt was being dishonest; I just do not think he knows the difference. The fact remains there is no real accounting by this body that members of the House can lay their hands on. Against this background, I commend this simple bill for passage. It provides that the affairs of this body be reported in the form prescribed for most public bodies, Crown corporations, and so on. The explanatory note to the bill reads in part:

The purpose of this bill is to require the Blue Water Bridge Authority to submit its annual accounts to the Auditor General of Canada and to make an annual report to the public through Parliament.

If there are any technicalities in this measure which the government feels should be corrected, I would welcome someone from the other side of the House proposing amendments. I invite suggestions. Following my abortive attempt to get meaningful information about the bridge commission, I received a letter from the authority dated June 15, 1971. The first paragraph reads:

• (1610)

During a regular business meeting of the authority commissioners held this week, several members expressed concern about reports in the press that you were not satisfied with answers you received to questions asked by you in the House regarding the operation of the Blue Water Bridge.

May I suggest that this paragraph is the understatement of the year. Of course I was not satisfied. Nor was the hon. member for Sarnia-Lambton (Mr. Cullen), though I am not going to quote him out of context; I suspect that he may speak later today. When we both appeared on TV and radio he agreed that the answer that I had received—I think I quote him correctly—was, in effect, a non-answer. Let me continue to read the letter:

As co-sponsor of the bill that created the authority, you no doubt know that one of the provisions of that bill stipulates that we are to give out financial statements only to those designated by the governor in council and this we are prepared to do if, as and when we receive the necessary authority to do so.

This next paragraph is extremely interesting:

In your particular case, however, the members of the authority feel, rightly or wrongly, that you as co-sponsor of the bill have more than an ordinary right to know what is going on and what has gone on in the operation of the authority you helped create.

I do not accept that logic at all. I do not accept that due to my position I can have access to information from a public body that other Canadian citizens cannot have. There is no reason that I should have the information any more than any other citizen in the Sarnia area. But this paragraph gives a clue to the way out; it suggests, and quite properly so, that the authority is ready, willing and able to give out their financial audit when directed and where designated by the governor in council. The closing paragraph of this letter is also quite revealing and reads as follows:

Meanwhile, Mr. McCutcheon, rest assured that we have since our inception filed annual, audited, financial reports in Ottawa with the Department of Transport who we were instructed to report to.

How does one square that statement, which is written by W. H. Young, a civil servant and employee of the authority, that they file their report with the Department of Transport, when a few months earlier the chairman of the commission, the man charged with the responsibility, said that they report every year to the Auditor General? I am not attaching blame to the Blue Water Bridge Authority; I am attaching blame to the cabinet, to the governor in council which has not given the proper direction. Neither the chairman nor the paid manager knew where they were reporting.

This closing paragraph of the letter I like particularly; I do not know who they thought they were kidding:

You are of course at liberty to release this letter to the press if you care to do so. We look forward to seeing you.

One thing is clear, Mr. Speaker, from the answers given to questions and correspondence: at no time has the governor in council directed this authority to report any place in particular. I say that the government has abandoned its responsibility in this regard. To prove my point, I have before me a letter from the Automotive Transport Association of Ontario dated March 7, 1972, and addressed to me. It reads in part:

We do not know what your interest may be in the bridge, but we thought we would tell you that some of our people objected to the second toll increase in two years. The objection was made to the Canadian Transport Commission who reported they had no authority to entertain any protest.

So it looks to me as if there has been an abandonment by the government of responsibility to the authority in Sarnia. Do you think, Mr. Speaker, that you could get any information from the Department of Transport? I doubt it. Could you get it from the Auditor General? I say that would be pretty questionable. Which department of government has the information? For the benefit of my colleagues in the House, the last I heard was that it was hidden some place in external affairs, and I doubt very much whether chairman Blunt knows that either. If you happen to be interested, Mr. Speaker, as a special dispensation you could accompany me to Sarnia where the authority has given me such a warm invitation to come and visit them. But unless the rest of my colleagues in the House are invited, I do not think they will get in.

I ask for the support of my colleagues in the House on this matter. In my opinion it is a reasonable request I make to treat this authority in the same way as Crown corporations and other government bodies are treated. However, if hon. members opposite wish to keep this matter *sub rosa*, if they want suspicion still to shroud the dealings of this authority, then I suggest they can practise on their oratorical skills and talk this bill out. If they do that, the responsibility for continuing this confusion will rest squarely on their shoulders. May I say in conclusion, Mr. Speaker, that even so it really will not matter all that much. There may be a slight delay, but I promise them that after the next election the new government of which I will be a member will see to it that this bill is put through promptly.

Blue Water Bridge Authority Bill

Mr. Jack Cullen (Parliamentary Secretary to Minister of Energy, Mines and Resources): Mr. Speaker, I am certainly encouraged to hear that Liberal fortunes have gone up so much that the hon. member for Lambton-Kent (Mr. McCutcheon) has seen fit to announce that he is going to join the Liberal party and form part of the government after the next election. I think that both of us wrote our speeches this morning when we thought an election was going to be announced at two o'clock this afternoon.

In all seriousness, I must confess that I was apprehensive that the bill of the hon. member might not be reached during this session and that we would not have an opportunity to debate it. Anyone who has made a study of the history of the Blue Water Bridge, as I have, will have to concede that Ross W. Gray, Q.C., who was a Liberal member of this parliament from 1927 till 1942, was the driving force behind the bridge being built in the first place. I had the honour of being articled to Ross Gray and later was associated with him in the practice of law. From this association, both as a colleague in the practice of law and as a close personal friend, I learned a great deal about the trials and tribulations faced by Mr. Gray when he was endeavouring to convince the powers that be at the time of the need for just such a structure. I well remember the scrapbook that Mr. Gray had showing the various stages of construction and I could not help being amazed at the far-sightedness of Mr. Gray and the governments of that day which undertook a project of this magnitude.

• (1620)

The agreement entered into at that particular time stated, among other things, that when the bonds and debts of the bridge were retired, tolls would be discontinued. That agreement also made provision for payment to the village of Point Edward of $5,000 in lieu of taxes each year. On June 1, 1961, the obligations of the commission were satisfied.

Going back in history to that particular period—I was practising law at that time and was solicitor for the council and have reason to know something about the facts—the then member for Lambton West, Mr. Walter Foy, and the hon. member for Lambton-Kent (Mr. McCutcheon), who was then the member and still is, jointly saw the need for establishing the Blue Water Bridge Authority and for making provision for payment of taxes to the village of Point Edward which would be commensurate with the holdings of the Blue Water Bridge Authority.

The minister of transport of that day, in moving second reading of Bill S-4 asked the former member for Lambton West, who was intimately acquainted with the situation, to explain the bill and the reasons for it. I think it is to the credit of these two men, one from each party, that they worked together to the advantage of the area. I think it was a tribute to the former member for Lambton West, Mr. Foy, that he was selected by the then minister of transport to introduce the bill because of his familiarity with the subject.

The hon. member for Lambton West knew that the village of Point Edward was being shortchanged because it was no longer receiving revenue either from government grants or from assessment and, in addition to this both he and the member for Lambton-Kent recognized

that it was necessary to establish a Blue Water Bridge Authority to maintain and operate the Canadian side of the bridge. The then member for Lambton West said, on April 30, 1964, as reported at page 2762 of *Hansard*:

> In the original agreement the village of Point Edward was to receive $5,000 in lieu of taxes each year. The original agreement did not provide for any Canadians to be appointed to the bridge commission although it was, in fact, an international bridge.

The agreement further stated that when the bonds and debts were retired, the tolls would be discontinued. This took place in 1961. The hon. member for Lambton West at that time recited the history much along the same lines as the hon. member for Lambton-Kent has done today. The hon. member for Lambton-Kent supports the bill and the argument put forth by the former member, as reported at page 2763 of *Hansard* for that day.

Here we had two members recognizing the need to work together, so there was certainly unanimity at that particular time and, as the hon. member for Lambton-Kent said, the bill received careful scrutiny in the other place and I can only assume from his support of the bill that it received careful scrutiny from him. It is, therefore, appropriate that the member for Lambton-Kent should present the bill at this time in the interests of tidying up what he sees as a gap in the provisions of Bill S-4.

I, too, have been somewhat apprehensive about the provisions of section 19, because I felt it placed members of the Blue Water Bridge Authority in a rather difficult position in that they could not, and cannot to this date, under the provisions of this bill as it now stands give out financial statements to the general public but only to those people designated by the governor in council. This bridge authority stood ready and prepared to do this at any time.

When I prepared my remarks in connection with this bill I had no idea of the stance to be taken by the hon. member for Lambton-Kent, but I was certain that the hon. member was not suggesting there was anything wrong with the present operation of the bridge nor that any funds had been misappropriated or misused. I was happy when he said this afternoon he was making no such charge. In fact, he suggested that the bridge is admirably run but the problem is one of getting these statements to the general public. He was simply making these representations to tidy up what he feels is a looseness in section 19(1).

He will know from earlier conversations that this has been a matter of concern to me as well and I, too, have been stressing both with the Department of Transport and with the Department of External Affairs that the section should be changed if only to protect the interests of those who presently serve, without pay, as members of the Blue Water Bridge Authority.

When certain questions were raised by the hon. member for Lambton-Kent, the then general manager of the bridge wrote the hon. member a letter dated June 15, 1971. The hon. member reads it in one way and I read it in another. The manager of the Blue Water Bridge Commission, operating under the strictures that are imposed by section 19(1), wrote that they could not make their financial statements public, could only make them available to those designated by the governor in council, but were prepared to do so when they received the necessary authority. The letter went on to say that because of the hon. member's interest in the bill they would like him to have a full picture of exactly what was happening.

I should like to quote one part of the letter which the hon. member did not see fit to read:

> With this feeling in mind then the authority members extend to you an invitation to visit the bridge offices, there to see the operation in all phases, there to meet and talk with any or all of the commissioners you care to see or the general manager or the treasurer or the auditors, W. L. Smith & Co., and there to receive complete and detailed answers to any and all questions you care to ask about present or past operations.
>
> We have on hand complete records of every cent ever taken in (attested to by four signatures and an auditors check) and a cancelled cheque for every penny spent. We will have on hand a signed, audited, detailed record of any commissioners' expense account complete with receipts for any trip ever taken by any commissioner or employee on behalf of the bridge.

The letter states that they hoped he would accept this invitation. This does not answer the hon. member but simply points out in my opinion the way in which the bridge commission and its manager's hands are tied under section 19(1). They were endeavouring to operate under the strictures imposed by the legislation. So they were not hiding anything but trying to indicate that everything was on the up and up, but they really did not have the authority to do what we feel is necessary. Therefore, the hon. member for Lambton-Kent quite properly is bringing forward Bill C-16 which is the subject matter of this whole question. The hon. member is simply suggesting another route or another procedure which in his opinion would be preferable to the one existing under section 19(1) of the bill.

I have been advised, however, that the government is quite pleased with the hon. member's opinion of the Blue Water Bridge Act, but it does not see the need for the amendments the hon. member is proposing. Indeed, I am happy to inform the House that in accordance with section 19 of the Blue Water Bridge Act, the section which the hon. member wishes to replace, an appropriate order in council is now being prepared requiring the bridge authority to submit an audited financial report annually to the Minister of Transport. I say it is about time, but in any even it is being done.

I accept the support of the hon. member in bringing forth these questions in respect of the bill and his support in conversations we have had personally as well as on radio and before the television cameras. This is like motherhood week. Such a procedure would be in keeping with the practice relating to the analogous Crown-owned, income-earning bodies. The hon. member's amendment would have the bridge authority submit its financial reports to the Auditor General. I suggest, with respect, that the Auditor General is responsible for auditing public funds, funds derived from taxation, not from the sale of services by an entity which is not a government department.

The proposal I have outlined I think better reflects the long standing Canadian practice. I believe the hon. member for Lambton-Kent indicated this in fact would meet his need as long as we went along with long standing Canadian practice. Our goal is similar. The means are slightly different, but I think the hon. member will con-

cede that this order in council adequately meets that which he was endeavouring to get at through the introduction of Bill C-16.

The hon. member's amendment is slightly deficient in another unimportant aspect. It calls for submission of the authority's financial reports to the United States. While it is true the bridge act envisages the development of an international authority, in fact the United States, in particular the state of Michigan, chose not to establish a joint administration of the bridge. The Blue Water Bridge Authority is, therefore, a purely Canadian entity and its financial reports should be submitted to the Canadian government alone. Perhaps the hon. member was being farsighted and hopeful, as I was, that we would have a joint administration of the bridge rather than an administration on the Canadian side only.

Lest it be thought that since 1964, when the Blue Water Bridge Authority Act was passed, the government has been unaware of the financial obligations of the authority, I wish to make it clear that such is not the case. Section 9 of the Railway Act—if anybody had an objection, all he had to do was read this particular section—expressly grants the Canadian Transport Commission jurisdiction and control over tolls charged for passage across international bridges and requires each bridge authority to submit its schedule of tolls to the commission in order that this schedule be properly assessed by a commission, and it has to be accompanied by a financial statement.

• (1630)

The government, therefore, has been fully aware of the financial operations of the authority. I might add that if any persons wish to question the schedule of tolls at the Blue Water Bridge or any other international bridge, they may apply in the normal manner to the Canadian Transport Commission which has power to order that a public hearing be held to examine the tolls. There has been a suggestion here that this was not done. This is not true. After the Blue Water Bridge Authority was set up, and after its initial studies and managerial work, there was a request for a public hearing and the Canadian Transport Commission held a public hearing in Sarnia in, I believe, 1965. I do not have the specific date but I know a public hearing took place at that time. I know it as solicitor for the corporation of the county of Lambton.

My friend has made the suggestion, which I suggest he might have written when both of us thought there would be an election, that the members of the Blue Water Bridge Authority read like a Liberal "Who's Who". I think that can be attributed to a backlash, because from 1942 until 1962 we had a Conservative member of parliament both provincially and federally, and all the appointments of Conservatives had been made during that period. There were only Liberals left. There were some wonderful men available from whom we had the opportunity to choose. They have done an admirable job.

There is a vacancy now on the Blue Water Bridge Authority. I have received no less than 27 names. I am flattered that from one of my Conservative colleagues in the practice of law I received seven names. I think the hon. member will be pleasantly surprised, if the recommendation I have made is accepted, that it will not read like a Liberal "Who's Who" particularly and at least we will have a "Who's Who" from some other party.

I want to thank the hon. member for bringing forth this bill. I believe it is a good bill. However, in light of the information I have obtained from the Department of External Affairs and the fact that an order in council is to be passed to do precisely what the hon. member and I want done, I do not think we really need this bill. I expect there are others who will wish to comment on the bill.

I did not realize there is so much interest in the Blue Water bridge. I come from an area of the country which happens to be graced with the beautiful waters of the river St. Clair and Lake Huron. I do not have the statistics—perhaps the hon. member for Lambton-Kent has them in one of his own speeches—but tourists go over that bridge in hundreds of thousands every year. This is possibly the reason there is more than an average number of people in the House at this late hour on a Friday afternoon; they want to hear about the Blue Water bridge.

The fact is that these records have been kept and that now an order in council is to be passed to make them public. On that note, I believe private members' hour has been well served this afternoon. I am sure there are others who wish to comment on the remarks of the hon. member for Lambton-Kent and myself.

Mr. McCutcheon: Mr. Speaker, would the hon. member permit a question?

Mr. Cullen: I never refuse a question from the hon. member.

Mr. McCutcheon: I am delighted to hear the words of the hon. member for Sarnia, but since there are so many announcements by the government to the effect that there will be an order in council soon, I wonder whether there is any chance that the government has taken him into its confidence so that he could be a little more precise concerning when the order in council will be passed.

Mr. Cullen: To the extent I am not violating my oath of secrecy, I would say the order in council has been drafted. The hon. member has not been on the government side and therefore may not know that many orders in council are passed. I believe it is merely awaiting the administrative procedure of a signature. The magic word I have heard around here is "soon". That is all I can say without violating my oath of secrecy.

Mr. Murray McBride (Lanark-Renfrew-Carleton): Mr. Speaker, having heard the expression of respect between the hon. member for Lambton-Kent (Mr. McCutcheon) and the hon. member for Sarnia (Mr. Cullen), I almost fear entering this debate. But I believe anyone who has taken the time to read Bill C-16, indeed has taken the time to ask himself why this bill was brought forth and has gone back into the history of this whole enterprise, will be aware that the subject being considered is of paramount interest to the connection between the province of Ontario and the state of Michigan which bears on the constituencies the members represent.

There are also some broader implications in this bill. As we know, the bill is entitled "An act to amend the Blue Water Bridge Authority". It is a very short bill having to

do primarily with section 19 of the original Blue Water Bridge Authority Act. The desire of the member in whose name Bill C-16 stands is that section 19 of the Blue Water Bridge Authority Act be repealed and that in its place there be reinstated a rather lengthy section, the purpose of which would be to have the financial situation of the bridge authority made known to members through the Auditor General. I trust I have not oversimplified the position of the hon. member, but that is how things stand as I read the bill.

I have taken a great deal of interest not only in the bill but in the background to it. The history of this bridge authority is fascinating. One detail which has not come out is that back in 1964, when there was also this true party spirit supporting the original set-up of the bridge authority, the bill was not a House of Commons bill but a Senate bill. It was Bill S-4 as it came to the House in 1964, and when it came from the other place to this chamber it resulted in a very short debate.

This demonstrated the amicability in this House concerning such a bridge authority. There seemed to be no division at all about it. The hon. member for Red Deer (Mr. Thompson), the then leader of the Social Credit party, gave his support. The member who spoke on that occasion on behalf of the New Democratic Party was the member who is sitting at the helm of the New Democratic Party this afternoon, the hon. member for Winnipeg North Centre (Mr. Knowles), and I thought he gave one of his better speeches on that occasion.

Mr. Knowles (Winnipeg North Centre): It must have been short.

Mr. McBride: It was extremely short, only two sentences, if my memory serves me right. I thought it did him credit. The matter was dealt with expeditiously. Bill S-4 came in as a Senate bill precisely because it was not intended to draw any funds from the public purse. I believe it was the hon. member for Medicine Hat (Mr. Olson), now Minister of Agriculture, who raised that question during the debate on Bill S-4. He pointed out—and the minister of transport of that day, Mr. Pickersgill, agreed—that there was no suggestion that there would be any expense to the public treasury resulting from this bridge authority, and it is my understanding that since 1964 there has been no draw on the public treasury.

As one member of this House, I am slightly confused as to whether or not an accounting of the expenditures and the revenue taken in by a Crown authority is a property under the purview of the Auditor General. It would seem to me it would make more sense not to pursue the avenue suggested by the hon. member for Lambton-Kent but, rather, to endorse the suggestion put forward by the hon. member for Sarnia-Lambton, namely, that we ought all to be encouraged by the order in council that is being drafted.

• (1640)

I want to say also that Bill C-16 is deficient or perhaps even slightly misleading in that it calls for the submission of the authority's financial reports to some representative of the United States. We are all aware that when the bridge act became law in 1964, those passing the legislation in this country assumed that there would be an international authority. In fact, the United States, and in particular the state of Michigan, have not established a joint administration of the bridge, with the result that the Blue Water Bridge Authority is totally Canadian and its financial reports should be submitted to the Canadian government alone.

The hon. member for Sarnia-Lambton has pointed out very well something that I wanted to bring to the attention of the House, namely, that there has been an avenue available since 1964 for the Blue Water Bridge Authority to report. I would suggest this is rather inadequate so far as making available to the public their financial situation. So I think that the order in council that is in the process of coming forward and which will have the bridge authority report to the Minister of Transport is extremely relevant, important and urgent.

As I understand the rules of this chamber, when the Minister of Transport comes before the Standing Committee of Transport and Communications, and when the information is made available to him, it would be properly within the ambit of the committee to ask specific questions of the minister on this subject. On delving into the history of this matter I found that there is no record of a member asking the Minister of Transport when he was before the committee with his estimates for information that is being sought by way of this bill. This has been sought through other avenues by the hon. member for Lambton-Kent who has taken a prime interest in this whole subject.

I think that this reporting through the appropriate order in council will clear up the whole issue before us today because certainly the gist of the substance—and I suppose a debate on second reading is a debate on principle—would be supported in principle by all hon. members because to reveal the financial transactions of this authority would be a worth-while endeavour. I find myself more in agreement with the hon. member for Sarnia-Lambton, that the other avenue is perhaps the best one.

In conclusion I should like to raise a couple of questions. First, I wonder how well the hon. member for Lambton-Kent or any other hon. member is aware of the profit potential of this authority. I was particularly interested to discover that the commissioners served at no cost. This is what I understood the hon. member for Sarnia-Lambton to say, namely, that the men and women who serve as commissioners on the bridge authority do so out of the goodness of their hearts.

This would suggest to me that the authority does not have much resources at its disposal, yet when we look at the statistics, at the thousands upon thousands of vehicles that go over this bridge and consider whether any cost is being planned for the future in the form of tolls and so on, it seems to me that we should become aware of what the profit potential is. If it has a potential to make a profit, perhaps we should raise a still more basic question, one that permeates all of our culture concerning such enterprises as Air Canada, the CNR, the CBC and, this afternoon, the Blue Water Bridge Authority, namely, whether many of these services that are rendered to the public should not be taken over by private enterprise.

I suppose you could say that the bridge spans an international border and that there is no way in which we could entirely remove the government from being involved. However, perhaps this matter should be considered, just as another member on another day considered the possibility of our turning over the postal service of Canada to private enterprise. Perhaps I should say to hon. members that they should consider this possibility as well.

Finally, I want to pay a very high tribute to the hon. member for Sarnia-Lambton who has taken a personal interest in this bridge authority and who, as his speech demonstrated this afternoon, researched the matter and brought us his personal familiarity of the subject that is so unique when he told us that he was solicitor for the village of Point Edward and therefore totally familiar with the issue on the Ontario side.

Mr. Speaker, my microphone is going on and off and I am confused as to whether or not I should resume my seat.

THE ROYAL ASSENT

Mr. Speaker: I have the honour to inform the House that I have received the following communication:

Ottawa, 19 May, 1972

Sir,

I have the honour to inform you that the Honourable Wilfred Judson, Puisne Judge of the Supreme Court of Canada, in his capacity as Deputy Governor General, will proceed to the Senate chamber today, the 19th day of May, at 4.45 p.m., for the purpose of giving Royal Assent to certain bills.

Royal Assent

I have the honour to be,
Sir,
Your obedient servant,
André Garneau

Administrative Secretary to the Governor General.

• (1650)

A message was delivered by the Gentleman Usher of the Black Rod as follows:

Mr. Speaker, the Right Honourable the Deputy Governor General desires the immediate attendance of this honourable House in the chamber of the honourable the Senate.

Accordingly, Mr. Speaker with the House went up to the Senate chamber.

• (1700)

And being returned:

Mr. Speaker informed the House that the Deputy Governor General had been pleased to give, in Her Majesty's name, the royal assent to the following bills:

Bill C-207, an act to amend the Old Age Security Act—Chapter No. 10.

Bill C-78, an act respecting the use of the expression "Parliament Hill"—Chapter No. 11.

Bill C-208, an act to amend the Pension Act, the War Veterans Allowance Act, the Civilian War Pensions and Allowances Act, the Children of War Dead (Education Assistance) Act and the Department of Veterans Affairs Act to provide for the annual adjustment of pensions and allowances payable thereunder—Chapter No. 12.

Mr. Speaker: It being after five o'clock, pursuant to section 3 of Standing Order 2 this House stands adjourned until Tuesday, May 23, at 2 p.m.

At 5.04 p.m. the House adjourned, without question put, pursuant to Standing Order.

HOUSE OF COMMONS

Tuesday, May 23, 1972

The House met at 2 p.m.

ROUTINE PROCEEDINGS

EXTERNAL AFFAIRS AND NATIONAL DEFENCE

CONCURRENCE IN FIRST REPORT OF STANDING COMMITTEE

Mr. Ian Wahn (St. Paul's) moved that the first report of the Standing Committee on External Affairs and National Defence, presented to the House on Tuesday, May 16, 1972, be concurred in.

Motion agreed to.

* * *

URBAN AFFAIRS

TABLING OF FINAL REPORT OF TRI-LEVEL INTERIM PLANNING COMMITTEE

Hon. Ron Basford (Minister of State for Urban Affairs): Mr. Speaker, I would like to table in both official languages copies of the final report of the Tri-Level Interim Planning Committee made up of myself, the Hon. D'Arcy McKeough and His Worship, Mayor Marcel D'Amour of Hull.

* * *

• (1410)

CONSUMER AFFAIRS

FOOD PRICES AND SUPERMARKET PROFITS—REQUEST FOR UNANIMOUS CONSENT TO MOVE MOTION UNDER S.O. 43

Mrs. Grace MacInnis (Vancouver-Kingsway): Mr. Speaker, I rise under the provisions of Standing Order 43 to seek unanimous consent to move a motion. My motion arises from the increase in the cost of food in the home of nearly 7½ per cent from April, 1971, to April, 1972, together with a simultaneous increase in the profits of the large supermarket chains during the first quarter of this year—Safeway, 40 per cent, George Weston, nearly 50 per cent and Dominion Stores, 300 per cent. Therefore I ask unanimous consent to move, seconded by the hon. member for Winnipeg North Centre (Mr. Knowles), the following motion of which I have already given notice to the Minister of Consumer and Corporate Affairs (Mr. Basford) and to which I am sure he will be favourably inclined:

That the matter of food prices and supermarket profits be referred to a special committee of this House for investigation and report.

Mr. Speaker: Order, please. I should remind the hon. member that it is not the minister's consent that is required but the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

Mr. Speaker: There is not unanimous consent. The motion cannot be put.

* * *

FINANCE

SMALL BUSINESS, FISHERIES AND FARM IMPROVEMENT LOANS—REQUEST FOR UNANIMOUS CONSENT TO MOVE MOTION UNDER S.O. 43

Mr. Jack Marshall (Humber-St. George's-St. Barbe): Mr. Speaker, I wish to propose a motion under Standing Order 43 on a matter of urgent and pressing necessity. In view of recent reports under the Small Business Loans Act, the Fisheries Improvement Loans Act and Farm Improvement Loans Act for the period January to March, 1972, which indicate that not one loan was made in the province of Newfoundland, demonstrating failure by the chartered banks of Canada to fulfil their responsibility in directing these loans on behalf of the government, I move, seconded by the hon. member for Gander-Twillingate (Mr. Lundrigan):

That the matter be referred to the Standing Committee on Finance, Trade and Economic Affairs and that witnesses from the Bank of Canada be called for questioning.

Mr. Speaker: Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

Mr. Speaker: The motion cannot be put.

Inquiries of the Ministry

ORAL QUESTION PERIOD

INDUSTRY

FORD MOTOR COMPANY—EFFECT ON CANADIAN PRODUCTION OF APPLICATION BY UNITED STATES OF ANTI-POLLUTION CONTROLS

Hon. Robert L. Stanfield (Leader of the Opposition): Mr. Speaker, I have a question for the Minister of Industry, Trade and Commerce with respect to the difficulties that have arisen with regard to the production of the Ford Motor Company because of the anti-pollution controls imposed by the United States. Has the minister or his department been in touch with the company with a view to determining what the position is and what measures the Canadian company is proposing to take?

Hon. Jean-Luc Pepin (Minister of Industry, Trade and Commerce): Yes, Mr. Speaker, my department has been in touch with Ford. The difficulties that they have in the United States with the pollution control standards have been confirmed. However, the rumour which has apparently been circulating that the company had announced lay-offs is not true.

Mr. Stanfield: Has the minister developed any plan to put into effect to minimize what I might call the ripple effects of any such difficulties of Ford? I am thinking particularly of the effect of these difficulties in bringing about a shutdown or at least a slowdown of the operations of suppliers to Ford of Canada. Has the minister any plans to deal with such an effect?

Mr. Pepin: As far as I know, Mr. Speaker, at the moment that question is hypothetical. I shall inquire further and see whether action is needed.

CHECKING OF EMISSION STANDARDS FOR CANADIAN PRODUCED CARS

Hon. Robert L. Stanfield (Leader of the Opposition): Mr. Speaker, may I put a further supplementary to the Minister of Transport. Has the minister any plans in regard to the establishment of ongoing checks on the emission standards of Canadian-produced cars in addition to the year-end production of evidence by the companies themselves?

Hon. Donald C. Jamieson (Minister of Transport): Yes, Mr. Speaker. We have to some extent separate testing facilities. I believe the hon. gentleman knows that our controls apply only to new automobiles as they leave the factory; we can only ensure that new cars meet these standards. After that, the question becomes one for each provincial jurisdiction. But we have managed, very successfully, to work out a set of arrangements with the provinces which will, in a sense, give us a national basis on which to work and national standards.

[Mr. Speaker.]

APPLICATION OF UNITED STATES SAFETY STANDARDS TO CANADIAN PRODUCED AUTOMOBILES

Mr. Max Saltsman (Waterloo): My supplementary is directed to the Minister of Industry, Trade and Commerce. I should like to ask the minister whether his department was aware of the safety standards being set by the United States government and whether, in view of the importance of car exports to the United States, the automobile companies have been asked to make provision for incorporating these safety features?

Hon. Jean-Luc Pepin (Minister of Industry, Trade and Commerce): I am afraid I am not aware, Mr. Speaker. The news came to me this morning. I have a report indicating what I said in answer to the Leader of the Opposition.

Mr. Saltsman: In view of the difficulty which will now arise as a result of failure to anticipate the safety requirements in connection with the export market, can the minister assure us that his department will keep in touch with the automobile manufacturers to make certain that they comply with these safety regulations in the future?

Mr. Pepin: I will do whatever is needed, but perhaps the Minister of Transport might have more to say on the subject.

Hon. Donald C. Jamieson (Minister of Transport): The situation with regard to our present law having to do with auto safety is that it applies not only to automobiles manufactured in Canada but to all cars imported into Canada; cars imported into Canada from any other country would be subject to such rules as we lay down.

Mr. Speaker: Order, please. The Chair feels we should complete the first round of questioning. I shall call upon the hon. member for York South and the hon. member for Shefford and then return to the hon. member for Waterloo and the hon. member for Oshawa-Whitby for further supplementaries on this subject.

[*Later:*]

Mr. Saltsman: Mr. Speaker, I direct my supplementary question to the Minister of Industry, Trade and Commerce. I should point out as a preamble that the reason I directed the initial question to him and inquired about the checking of safety regulations in the export market had to do with manufacturing and the possibility of plant shutdowns if these standards are not met rather than the safety features themselves. In view of the fact so many automobiles produced in Canada are being exported to the United States, I hope the minister will give us his assurance that he will start checking the provisions that exist in other countries and ensure that those who are manufacturing in Canada meet these provisions in order that exports are not curtailed or held up in any way.

FORD MOTOR COMPANY—POSSIBILITY OF SHUTDOWN BECAUSE OF U.S. POLLUTION CONTROLS—MAINTENANCE OF PRODUCTION FOR CANADIAN MARKET

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, I have a supplementary question for the Minister of Industry, Trade and Commerce. Since an immediate but

avoidable danger to workers in Canada of the Ford Motor Company concerns lay-offs that may occur in terms of production aims for the Canadian market, and in view of the fact the company has indicated there may be a total shutdown of production in Canada as most of their models are exported to the United States, will the minister obtain an assurance from the company that, if this difficult decision has to be taken in some form, it will keep at least the number of employees at work required to produce cars for the Canadian market?

Hon. Jean-Luc Pepin (Minister of Industry, Trade and Commerce): Mr. Speaker, I am told that this would not be very practical in view of the integrated operations between Canada and the U.S.A.

* * *

COMMUNICATIONS

RATE INCREASES GRANTED TO BELL CANADA BY TRANSPORT COMMISSION—GOVERNMENT ACTION

Mr. David Lewis (York South): Mr. Speaker, I have a question for the Prime Minister arising out of the decision by the Canadian Transport Commission to grant the Bell Telephone Company substantial rate increases totalling more than $47 million a year. I should like to ask whether the government is studying this decision for the purpose of taking any action with respect to it?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, this matter has not come to cabinet as yet, but I believe questions having to do with the Canadian Transport Commission would be more properly dealt with by the Minister of Transport. I do not know whether he has advice of anything in this regard.

Mr. Lewis: I think it would concern the Minister of Communications rather than the Minister of Transport in this case. In view of the seriousness of this matter and bearing in mind the net income of Bell Canada in 1971 was over $147 million compared with $133 million in the preceding year, I should like to ask the Prime Minister whether he will assure the House that he will look into the question of whether these increases are justified from the point of view of the consumer and whether, as the Governor in Council has authority to do under section 335(4) of the Railway Act, the government will ask the commission to furnish all the information in its possession relative to the application and the decision for study by the government?

Mr. Trudeau: I will be very glad to raise this question with the minister.

Mr. Lewis: If the Prime Minister does that, will he also draw the minister's attention to the fact that section 64(1) of the National Transportation Act gives the Governor in Council authority to rescind or vary any decision or order of the Canadian Transport Commission? May I also ask the Prime Minister whether the government will use that section to rescind this order for a rate increase which, I suggest to him, is further gouging by Bell Canada of the Canadian consumer?

Inquiries of the Ministry

• (1420)

Mr. Speaker: Order, please. I suggest to the hon. member that the last part of the question is not entirely procedurally correct.

* * *

[*Translation*]

LABOUR RELATIONS

QUEBEC—LONGSHOREMEN'S STRIKE—STATUS OF NEGOTIATIONS

Mr. Gilbert Rondeau (Shefford): Mr. Speaker, I should like to put a question to the Minister of Labour.

Can he report on the progress of negotiations with regard to the longshoremen strike now paralyzing the ports of Quebec and Montreal, and tell us whether we can hope for an early settlement of that conflict?

[*English*]

Hon. Bryce Mackasey (Acting Minister of Labour): Mr. Speaker, as Acting Minister of Labour I might point out that in the ports of Montreal, Trois-Rivières and Quebec a collective agreement was arrived at several weeks ago with beneficial effects to both the employers and longshoremen. The collective agreement contains grievance and arbitration procedures. If the leaders of the unions refuse to utilize their legal rights, that is, the grievance and arbitration procedures, then I can only conclude that they certainly are not acting in the best interests of their members, nor within the mandate they have at their disposal.

Mr. Speaker: Order, please.

Mr. Warren Allmand (Notre-Dame-de-Grâce): Mr. Speaker, I have a supplementary question for the Acting Minister of Labour. Will he say whether officials of the Department of Labour are taking steps to bring the two parties together in order to settle this dispute?

Mr. Mackasey: Mr. Speaker, I would presume that the solution is so obvious, namely, that these experienced union leaders should take advantage of the arbitration procedure included in the collective agreement, that the officials of the Department of Labour have not proceeded to take an active part without invitation.

* * *

GRAIN

RAPESEED—LAYING OF CHARGES BY WHEAT BOARD AGAINST CERTAIN FARMERS FOR OVERDELIVERY—REQUEST FOR GOVERNMENT INTERVENTION

Mr. R. N. Thompson (Red Deer): Mr. Speaker, I had intended to ask my question of the minister responsible for the Wheat Board, but in his absence I should like to direct it to the Minister of Agriculture. Is the minister aware that the Wheat Board has caused charges to be laid under the Criminal Code against a number of western farmers for so-called overdelivery of rapeseed for which the farmers have direct production contracts with seed

processors? If he is aware of such action, will the minister indicate what steps the government is taking to stop this illogical and intolerable situation?

Hon. H. A. Olson (Minister of Agriculture): Mr. Speaker, I am aware that some farmers and in fact one seed processor have been charged. I cannot agree with the assumption that it is an illogical process. I am sure it will be examined in the courts.

Mr. Thompson: Do I understand then that the determination of the Wheat Board to convict farmers under the Criminal Code is justified?

Mr. Speaker: Order, please. That kind of question is, of course, out of order on many counts.

Mr. Thompson: Ten o'clock, Mr. Speaker.

[*Later:*]

POSITION OF CONTRACTS BETWEEN PRODUCERS AND PROCESSORS IN LIGHT OF PROSECUTIONS FOR OVERDELIVERY

Mr. A. P. Gleave (Saskatoon-Biggar): Mr. Speaker, in view of the fact that certain growers of rapeseed and certain oil processing firms were encouraged to enter into contracts at the beginning of this crop year, and in view of the fact that under those contracts the firms are committed to take the total rapeseed production of individual farmers, is the Minister of Agriculture in a position to give the assurance that these contracts can be honoured and followed through?

Hon. H. A. Olson (Minister of Agriculture): Mr. Speaker, a fundamental principle of the whole quota system is to make sure that the market, however large or small it may be, is shared equitably among all producers in the area. Of course, that is the main consideration upon which the Canadian Wheat Board acts when it sees alleged violations of this principle.

Mr. Gleave: Mr. Speaker, in view of the fact the government has actively encouraged and indeed taken an active part in the transfer of rapeseed production from high to lower erucic acid, will the minister make an early statement on motions clarifying the point which has been raised here for both the processor and the producer?

Mr. Olson: Mr. Speaker, the government has never taken the position that any kind of arrangements, contractual or otherwise, shall take precedence to the point of excluding all other producers who should have some access to the market under the quota system as well.

* * *

DRUGS

MARIJUANA—STATEMENT BY HEALTH MINISTER OPPOSING LEGALIZING OF POSSESSION AND USE—GOVERNMENT POLICY

Mr. Eldon M. Woolliams (Calgary North): Mr. Speaker, I should like to ask the Prime Minister a question arising out of a speech the Minister of National Health and Welfare made to students over the weekend in Hamilton, I believe, in which he opposed the legalization of possession and use of marijuana. Was he setting out government policy at that time?

[Mr. Thompson.]

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I would have to take notice of what was actually in the speech before expressing an opinion on it.

VOTE AT UNITED NATIONS ON LEGALIZING POSSESSION AND USE OF MARIJUANA—REASON FOR ALLEGED CANADIAN ABSTENTION

Mr. Eldon M. Woolliams (Calgary North): Mr. Speaker, may I ask one further question. Three days ago I asked the Secretary of State for External Affairs a question concerning whether Canada abstained in a special committee of the United Nations when there was a vote on the very question I have raised with the Prime Minister as to the right of possession and use of marijuana. Is the Prime Minister now able to answer that question in light of the fact that the Secretary of State for External Affairs has been away for two days?

Right Hon. P. E. Trudeau (Prime Minister): I understood the minister, as did the hon. member, to say he would take notice of the question and look into it. The minister has been away for two days and I am sure the hon. member has also. It has been a long weekend.

* * *

IMMIGRATION

REQUEST FOR INVESTIGATION BY MINISTER OF CASES OF JAMES AND ALEX DONALD

Mr. G. W. Baldwin (Peace River): Mr. Speaker, I have a question for the Minister of Manpower and Immigration of which I have given notice. Would the minister look into and hopefully intervene in the case of James Donald and Alex Donald, two Scottish immigrants living in Toronto who voluntarily came forward, disclosed their situation to the department and refused to take advantage of the right to appeal, which procedure could keep them in this country for years? As their wives and four children are involved and as they are hard-working people, would the minister personally look into the matter?

Hon. Bryce Mackasey (Minister of Manpower and Immigration): The hon. member was courteous enough to give me advance notice. I can think of nothing that would give me more pleasure than nine more Scots in Canada as landed immigrants and future citizens, so I will personally intervene.

• (1430)

FINANCE

STEPS TO MAINTAIN ADEQUATE DOMESTIC RESERVES OF GOLD IN LIGHT OF HIGH DEMAND

Mr. Erik Nielsen (Yukon): Mr. Speaker, I have a question for the Acting Minister of Finance in the absence of the minister. In recognition of the current high demand for gold in Europe and elsewhere, and in view of the current high free market price for this commodity, what steps is the government of Canada taking to maintain adequate domestic reserves?

Hon. P. M. Mahoney (Minister of State): Mr. Speaker, I will take notice of that question.

Mr. Nielsen: I have a supplementary question for the Minister of State. Since many Canadian gold producers are presently selling their production on the international rather than on the domestic market, what action is the Canadian government taking to maintain an adequate inflow of gold from domestic sources? If the minister is going to take notice of this question also, when he answers will he also explain to the House what Canada is doing about the principal gold producer in South Africa having ceased production and what measures Canada is taking in order to ensure the continuation of adequate reserves from international markets?

Mr. Speaker: Order, please. I would think that the answer to that question should be given on motions. If the minister's answer were to be as long as the question it would have to be given on motions.

INDICATION OF POSSIBLE RETURN TO GOLD STANDARD BY UNITED STATES—CANADIAN PLANS TO MEET EVENTUALITY

Hon. W. G. Dinsdale (Brandon-Souris): Mr. Speaker, perhaps I could bring another matter to the attention of the Minister of Finance or to the Minister of State who is responding for him today. It arises from the recent statement of Arthur Burns, chairman of the United States Federal Reserve Board, at the International Monetary Conference in Montreal in which he indicated that the United States government is contemplating a return to the gold standard. When the minister replies would he indicate what plans Canada is making to meet this eventuality?

Mr. Speaker: Again I suggest that would have to be included in the minister's statement on motions.

[*Later:*]

Mr. Nielsen: On a question of privilege, Mr. Speaker, may I point out, with respect, that perhaps because of the intervention of the Chair in connection with the three questions asked by myself and the one asked by the hon. member for Brandon-Souris the Minister of State, who is usually quite informative in his replies, might have understood that they need not be answered. Your Honour has suggested that the matter be dealt with by the minister on motions. I wonder if we might have an undertaking from

the Minister of State that he will come to the House tomorrow with a statement on motions.

Mr. Speaker: Order, please. This is hardly a question of privilege. It is a supplementary question to which the minister might be allowed to reply.

Mr. Mahoney: Mr. Speaker, I will look at the questions and see what response is appropriate.

* * *

PRICES AND INCOMES COMMISSION

INQUIRY AS TO TABLING OF FINAL REPORT

Mrs. Grace MacInnis (Vancouver-Kingsway): Mr. Speaker, I have a question for the Minister of State for Urban Affairs under whose jurisdiction I believe the Prices and Incomes Commission comes. Can the minister tell us whether the final report of the Prices and Incomes Commission is now ready and, if so, when will it be tabled?

Hon. Ron Basford (Minister of State for Urban Affairs): Mr. Speaker, it has not yet been presented to the government; it is in the course of preparation, but I understand it will be presented soon.

Mrs. MacInnis: Mr. Speaker, I understand that it contains some pretty forcible criticism of government policy. May we have the assurance that when the report is tabled it will be published in full?

Mr. Speaker: Order, please.

* * *

[*Translation*]

MANPOWER

LOCAL INITIATIVES PROGRAM—EXTENSION OF CERTAIN PROJECTS—FINAL DATE FOR ACCEPTANCE OR REFUSAL OF PROJECTS

Mr. Adrien Lambert (Bellechasse): Mr. Speaker, I should like to put a question to the Minister of Manpower and Immigration.

Further to the statement he made in the House on May 5 with regard to extending the Local Initiatives Program, can he tell us whether requests for extension will soon be answered, and whether a deadline has been set with regard to their acceptance or refusal?

[*English*]

Hon. Bryce Mackasey (Minister of Manpower and Immigration): Mr. Speaker, as a general rule all projects under the Local Initiatives Program which are sponsored by municipalities can be extended to June 15 on the understanding, of course, that no supplementary sums of money from the federal purse are involved. If the hon. member would like a specific answer on a specific program, I would be glad to discuss it with him.

Inquiries of the Ministry

[*Translation*]

LOCAL INITIATIVES PROGRAM—FINAL DATE FOR REPRESENTATIONS CONCERNING PRIVATE PROJECTS

Mr. Adrien Lambert (Bellechasse): Mr. Speaker, I should like to direct a supplementary question to the minister.

I would like to know whether a deadline has been set concerning the submission of private projects under the Local Initiatives Program or if applications for extension can be approved at any time and get special consideration.

[*English*]

Hon. Bryce Mackasey (Minister of Manpower and Immigration): Those local initiative programs that are privately sponsored come to an end at the end of May, with the exception of about 1,200 projects which on their merits and according to criteria that have been circulated, will be extended until the sum of $30 million has been expended.

[*Later:*]

[*Translation*]

LOCAL INITIATIVES PROGRAM—ALLOTMENT OF PART OF ADDITIONAL FUNDS TO MUNICIPAL PROJECTS

Mr. René Matte (Champlain): Mr. Speaker, I would like to ask the Minister of Manpower and Immigration whether part of the $35 million allotted to LIP projects is available for projects submitted by municipalities?

Hon. Bryce Mackasey (Minister of Manpower and Immigration): No, Mr. Speaker.

* * *

[*English*]

GRAIN

RAPESEED—TYPE OF CHARGES LAID BY WHEAT BOARD AGAINST CERTAIN FARMERS FOR OVERDELIVERY

Right Hon. J. G. Diefenbaker (Prince Albert): Mr. Speaker, with reference to questions asked earlier of the Minister of Agriculture in connection with the prosecution of farmers believed to have delivered rapeseed beyond their quotas, in view of the fact that anyone convicted will of course be found guilty of a criminal offence and be branded as a criminal, may I ask him why the Wheat Board has proceeded as though this was a criminal offence rather than under the provisions of the Wheat Board Act where an actual conviction would be for a pseudo-civil offence?

Hon. H. A. Olson (Minister of Agriculture): Mr. Speaker, I will look into that. Perhaps the Minister of Justice will reply to the question, although I think the charges are based on a violation of the Wheat Board Act and the regulations thereof.

Mr. Diefenbaker: Is the minister saying that the questions asked, which indicated that criminal prosecutions had been undertaken, were without any foundation?

Mr. Olson: No, Mr. Speaker, I said I would look into it.

PUBLIC SERVICE

STATEMENT BY PRESIDENT OF TRANSPORT COMMISSION RESPECTING DUTY OF EMPLOYEES TO GOVERNMENT AND OPPOSITION—GOVERNMENT POSITION

Mr. Heath Macquarrie (Hillsborough): Mr. Speaker, I should like to direct a question to the President of the Treasury Board. It is based on a public statement by the President of the Canadian Transport Commission to the effect that public employees owe loyal service to the government and cannot be neutral when dealing with the opposition. Can the minister advise the House whether this doctrine is also held by himself and the government?

Hon. C. M. Drury (President of the Treasury Board): Mr. Speaker, I would like to study a little more closely what was actually said before I accept this version of the doctrine.

* * *

HOUSING

CONSULTATION WITH PROVINCES ON NEEDS—INTRODUCTION OF LEGISLATION

Mr. Jack Marshall (Humber-St. George's-St. Barbe): Mr. Speaker, my question is directed to the minister in charge of housing. Has he had replies from the provinces with regard to consultation on housing needs where they concern the provinces, and would he indicate what progress has been made with regard to the introduction of the legislation he promised some time ago?

Hon. Ron Basford (Minister of State for Urban Affairs): Mr. Speaker, the process of consultation with the provinces is still continuing, but we have met with all the provinces and had reactions from them. I hope to introduce legislation along the lines forecast in the Speech from the Throne at an early date.

Mr. James A. McGrath (St. John's East): Mr. Speaker, have similar consultations taken place with Canadian mayors and municipalities regarding the proposed legislation?

Mr. Basford: The municipalities were represented at most, if not all, of the consultations with the provinces.

* * *

INQUIRY OF THE MINISTRY

Hon. George Hees (Prince Edward-Hastings): Mr. Speaker, I have a question for the Prime Minister. Would he take the first opportunity on motions to outline to the House the line of reasoning which caused him late Thursday night to decide not to call a general election and let the people decide—

Mr. Speaker: Order, please. I suggest that such a statement would have to be made on motions, and I wonder whether that is what the hon. member is suggesting. He will appreciate that he cannot expect the Prime Minister to reply to that question at this time.

• (1440)

Mr. Hees: On a point of order, Mr. Speaker, I did preface my question by saying, "would he take the first opportunity on motions". Could he answer yes or no to that?

Mr. Speaker: The hon. member of course, has the option of putting the question down for debate at ten o'clock.

* * *

STATUS OF WOMEN

ALLEGED DISCRIMINATION BY RIDEAU CLUB AGAINST CERTAIN FEMALE GOVERNMENT EMPLOYEES

Mr. David Orlikow (Winnipeg North): Mr. Speaker, I wish to direct a question to the President of the Treasury Board. In view of the refusal of the Rideau Club to permit two women representing government departments to attend a working luncheon held in that place last week, is the government giving consideration to adopting a policy of not permitting any government functions to be held at the Rideau Club as long as that organization discriminates against certain government employees?

Hon. C. M. Drury (President of the Treasury Board): Mr. Speaker, I had a meeting with some representatives of the gentler sex—

Some hon. Members: Oh, oh!

Mr. Hees: Don't get coy now. Just tell it like it was, Bud.

Mr. Drury: Obviously, Mr. Speaker, we are in the presence of what I would call the rougher sex here. I pointed out to them that in cases where government activities involving both sexes were concerned it would not be practical and indeed, we should not interrupt the proceedings by lunching or endeavouring to continue the work in places that did not allow the presence of women.

[*Later:*]

Mr. David Lewis (York South): Mr. Speaker, I wish to direct a question to the President of the Treasury Board supplementary to the one asked by the hon. member for Winnipeg North. It seems to me that the President of the Treasury Board did not get the full import of the question. It was whether the government will not consider refusing to hold any functions, whether of one sex or of both sexes, in the Rideau Club as long as the Rideau Club pursues a policy which is contrary to the declared policy of the government with respect to equality of the sexes in all such matters?

Mr. Drury: Mr. Speaker, I am not fully aware of all the facts behind this incident. I have undertaken to make some inquiries, but it is my understanding that the Rideau Club at present not only allows both sexes on its premises during the dinner period but also has on occasion allowed both sexes during the luncheon period.

Mr. Knowles (Winnipeg North Centre): What about breakfast?

Inquiries of the Ministry

Mr. Drury: Breakfast I am not sure of; I am not sure if there is much demand for breakfast. I will be glad to look into the matter.

* * *

[*Translation*]

FEDERAL-PROVINCIAL RELATIONS

VICTORIA CONFERENCE—STATEMENT OF QUEBEC SOCIAL AFFAIRS MINISTER RESPECTING A CERTAIN DOCUMENT—REQUEST THAT PRIME MINISTER INVESTIGATE

Mr. Roch La Salle (Joliette): Mr. Speaker, I wish to put a question to the Prime Minister.

A few days ago, during a press conference, the Quebec Minister of Social Affairs stated that, during the last federal-provincial conference in Victoria, a document emanating from a federal government department was circulated among some provincial delegations, cautioning them against certain Quebec proposals.

Is the Prime Minister in a position to say whether he was aware of this and whether he was in favour of such a procedure?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I do not know what document is being referred to. If the hon. member can be more specific, I shall find out.

Mr. La Salle: Since the Quebec Minister of Social Affairs made that statement, may I now ask the right hon. Prime Minister whether he can find out which federal department circulated that document and report to the House?

Mr. Trudeau: Mr. Speaker, I have not followed in detail all the statements of the Quebec minister involved, but if the hon. member is interested he might supply me with details and I shall inquire.

* * *

[*English*]

PUBLIC SERVICE

INQUIRY AS TO COMPLETION OF STUDY OF CONFLICT OF INTEREST GUIDELINES

Mr. Robert McCleave (Halifax-East Hants): Mr. Speaker, I intended to direct a question to the President of the Treasury Board, but since it involves the entire public service, both fair and unfair, perhaps it should be directed to the Prime Minister. Has the high level study of guidelines dealing with conflict of interest in the public service been completed and, if so, will it be made public?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I believe that any studies of this subject were done under the direction of the President of the Privy Council, and I will refer the question to him.

Inquiries of the Ministry

URBAN AFFAIRS

DEVELOPMENT OF PROCESS TO PRODUCE DRINKING WATER FROM RECYCLED SEWAGE—REQUEST FOR STATEMENT ON POSSIBLE APPLICATION

Mr. S. Perry Ryan (Spadina): Mr. Speaker, my question is directed to the minister responsible for Central Mortgage and Housing Corporation. Now that the minister has survived a $400,000 sip of tasteless water made from recycled sewage, does the government intend to promote the use of this newly developed recycling system in Canada and, if so, will the minister make a statement to the House as to the areas in which this system should prove useful?

Hon. Ron Basford (Minister of State for Urban Affairs): Mr. Speaker, I will be happy to send the hon. member a complimentary bottle of recycled water.

Some hon. Members: Oh, oh!

Mr. Basford: The pilot project that has been financed by CMHC and the Ontario Research Foundation is producing absolutely pure water. It is still being refined from the points of view of economics and engineering, but the experts are very enthusiastic that it will prove out—

Mr. Speaker: Order, please. I regret interrupting the minister but I do feel that this kind of question normally ought to be placed on the order paper. I fail to see the urgency of the question.

Mr. Ryan: Mr. Speaker, may I ask a supplementary question. Now that the minister's appetite has been whetted, and mine as well, would he not tell us whether CMHC has plans to introduce this system immediately in any of its current projects?

Mr. Basford: No, Mr. Speaker. It will be 1973 before that is ready.

Mr. Colin D. Gibson (Hamilton-Wentworth): As a supplementary question—

Mr. Speaker: Order, please. I think the Chair might very easily have suggested at the start that the original question be placed on the order paper, but since it was asked and answered the hon. member will be recognized for a supplementary.

Mr. Gibson: Mr. Speaker, I hope the House will forgive me for asking a supplementary, but there is a potentially tremendous tax saving if the municipalities of Canada can be informed. I would ask leave to ask the minister—

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

Mr. Gibson: —if he will so inform the municipalities?

Mr. Basford: Yes, Mr. Speaker.

[Mr. Trudeau.]

TRADE

POSSIBILITY OF RETALIATION BY CANADA IF COUNTERVAILING DUTY IMPOSED BY UNITED STATES AGAINST CERTAIN MICHELIN TIRES

Mr. J. M. Forrestall (Dartmouth-Halifax East): Mr. Speaker, my question is directed to the Minister of Industry, Trade and Commerce. It has to do with his suggestion that Canada might find a way of redress against the United States if the Americans go ahead with countervailing measures against Michelin tires. He has indicated that this could possibly be in the area of defence purchasing. Would the minister indicate what possibly could be gained from that inasmuch as government is the only purchaser of defence equipment?

Hon. Jean-Luc Pepin (Minister of Industry, Trade and Commerce): Mr. Speaker, I deeply regret that a very good newspaper drew the conclusion that I was talking about retaliation. I was simply analysing in a very professorial way—I sometimes go back to previous incarnations—the vagueness and broadness of the concept of countervailing, mentioning that countervailing could be used against different types of subsidies.

Mr. Speaker: Order, please.

Mr. Forrestall: As a supplementary—

Mr. Speaker: We are running short of time and there are still a number of members in the back rows waiting to ask questions. I hope there will not be too many supplementaries.

Mr. Forrestall: I will attempt to respect your wishes, Mr. Speaker. Did I understand the Minister correctly that defence is probably not the most likely area for countervailing duties?

Mr. Pepin: Unlikely, Mr. Speaker.

* * *

REGIONAL ECONOMIC EXPANSION

NUMBER OF UNITED STATES BRANCH PLANT COMPANIES THAT HAVE RECEIVED INCENTIVE GRANTS

Mr. James A. McGrath (St. John's East): Mr. Speaker, may I ask the Minister of Industry, Trade and Commerce if an assessment has been made of the number of branch plant operations of United States companies that have received grants under the Regional Development Incentives Act in Canada, and if this information has been made known to the United States government?

Hon. Jean-Luc Pepin (Minister of Industry, Trade and Commerce): Not to my knowledge, Mr. Speaker, but the point I was making the other day is that there is no concerted United States action against regional development in Canada. The case we are talking about now, Michelin, is an exceptional one, and because there has been a complaint.

TRANSPORT

SUGGESTED REPRESENTATIONS AGAINST INTENTION OF RAILWAYS TO INCREASE POTASH FREIGHT RATES

Mr. Lorne Nystrom (Yorkton-Melville): Mr. Speaker, I wish to direct a question to the Minister of Transport. Last Wednesday he undertook to inquire from the Canadian Transport Commission whether or not an appeal had been lodged against the proposed freight rate increases on potash. Can he report today whether or not there has been and, if not, will he ask the CTC to review the proposed increases?

Hon. Donald C. Jamieson (Minister of Transport): In reply to the first part of the question, Mr. Speaker, I did check and up to this morning there had been no appeals lodged in this connection. I am not at all certain that I have authority to ask them to initiate such an appeal, but there are several avenues open to anyone who may wish to do so.

* * *

• (1450)

POST OFFICE

ESTABLISHMENT BY ALBERTA GOVERNMENT OF PRIVATE MAIL SERVICE BETWEEN EDMONTON AND CALGARY

Mr. Don Mazankowski (Vegreville): Mr. Speaker, my question was for the Postmaster General, but in his absence perhaps I might direct it to his parliamentary secretary. Can he advise the House whether the Postmaster General has initiated an investigation into the circumstances surrounding the position taken by the provincial government of Alberta in establishing private mail carrier service between the cities of Calgary and Edmonton for government mail?

Mr. Gerald Richard Cobbe (Parliamentary Secretary to Postmaster General): Mr. Speaker, the minister is studying the matter and I am sure that when the study is complete the information will be available to the hon. member.

Mr. Mazankowski: Will the parliamentary secretary undertake either to have the information tabled in the House or to have a statement made on motions?

Mr. Cobbe: Mr. Speaker, I will discuss this matter with the minister.

* * *

SUPPLY AND SERVICES

REQUEST FOR STATEMENT ON ALLEGED INCREASED COST OF DESTROYER ESCORT CONSTRUCTION PROGRAM

Mr. G. W. Baldwin (Peace River): Mr. Speaker, may I direct my question to the Minister of Supply and Services. In light of allegations that the cost of the four ships in the destroyer escort program has now risen to an astronomical figure of well over $300 million, more than half as much again as the original estimate, and since it will take one year before the program is completed, would the minister look into this and make a statement in the House as to where the situation now stands?

Hon. James Richardson (Minister of Supply and Services): Mr. Speaker, the Minister of National Defence has already made clear statements on this matter. The DDH program is proceeding within the budgets approved by Treasury Board.

Mr. Baldwin: That is not the way I hear it.

* * *

URBAN AFFAIRS

AGENDA FOR TRI-LEVEL CONFERENCE

Mr. Lincoln M. Alexander (Hamilton West): Mr. Speaker, may I direct a question to the Minister of State for Urban Affairs. Is it a fact that the agenda of topics to be discussed at the tri-level conference has been determined? If so, would he give the House some indication as to when he intends to table it?

Hon. Ron Basford (Minister of State for Urban Affairs): Mr. Speaker, the agenda has been agreed upon and is outlined in the report I tabled at the beginning of this afternoon's session. I would be happy to send the hon. member a copy.

Mr. Alexander: Will the minister say whether or not the representatives of the three levels will be attending the conference as equals?

Mr. Basford: Mr. Speaker, they will be attending in accordance with the arrangements agreed upon that are being recommended and are set out in the report I tabled today.

* * *

NATIONAL CAPITAL COMMISSION

INQUIRY AS TO CONTRACT WITH PINKERTON AGENCY RESPECTING SERVICES NOW PERFORMED BY CORPS OF COMMISSIONAIRES

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, may I direct a question to the Minister of State for Urban Affairs. Is the minister now in a position to answer my question of May 4 and of May 16 as to whether the National Capital Commission has entered into a contract with the Pinkerton agency, a subsidiary of an American firm, for the provision of services in the national capital area previously provided by the Canadian Corps of Commissionaires?

Hon. Ron Basford (Minister of State for Urban Affairs): Mr. Speaker, apparently the policing of certain National Capital Commisssion properties is undertaken by arrangement with the Royal Canadian Mounted Police, who have in the past hired to assist them members of the Canadian Corps of Commissionaires. However, this year

the Corps informed the RCMP that they were no longer able to supply personnel for this purpose and the RCMP have made other temporary arrangements with Pinkerton.

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, may I direct a supplementary question on this matter to the Solicitor General. I wonder if the Solicitor General can report to the House on whether the RCMP made an investigation into the background of the Pinkerton agency, particularly its labour relations, before engaging this agency to do this work?

[*Translation*]

Hon. Jean-Pierre Goyer (Solicitor General): Mr. Speaker, I have been informed by the commissioner that after four calls for tenders the main angle for the RCMP was to consider human resources as well as security measures supplied to the RCMP for this control. Finally that company was selected as offering the best guarantees in this field.

[*English*]

Mr. Speaker: Orders of the day.

• (1500)

GOVERNMENT ORDERS

THE BUDGET

FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

The House resumed from Monday, May 15, consideration of the motion of Hon. John N. Turner (Minister of Finance), that this House approves in general the budgetary policy of the government, and the amendment thereto of Mr. Lambert (Edmonton West), (page 2178).

Mr. Don Mazankowski (Vegreville): Mr. Speaker, in rising to participate in this debate may I congratulate, first of all, the Minister of Finance (Mr. Turner) for the showmanship he displayed during the presentation of the budget and for the flurry of enthusiasm that went along with it. His display of enthusiasm covered many of the shortcomings of the budget. That, I suppose, is quite a tribute to the minister, since he appears to be a good salesman in his own right. His actions reminded me of the cliché one hears in sales circles. Salesmen say, "Do not sell the steak; sell the sizzle." Unfortunately, in this budget there is not much sizzle. On close examination we find that there is not much steak in it, either, for the average Canadian.

His statement that providing a job for every Canadian is his first and most urgent priority was indeed commendable. It was a bold statement and was one which I am sure every member of this House would support. That was supposed to be the characteristic by which the present Minister of Finance was to be distinguished from his predecessor. However, rather than take a positive approach and deal with the future, he spent a great deal of his time in his budget presentation in rambling, in defending the record of the government and in defending the record of the minister who previously occupied his portfolio. He blamed the state of the economy on unemployment, on rampant inflation, on everything and anything, from the so-called phenomenon of an above average participation rate in the labour force by too many young people, to too many women being in the labour force. Then, he went on to blame the economies of the United States, of the European Common Market and of Japan for many of the economic problems of Canada; yet nowhere in the budget speech was the minister bold enough to admit that our state of affairs has been caused in large part by the government itself, particularly by the previous minister of finance.

It is fairly well accepted that this government has failed to manage the economic affairs of this country in an efficient and effective way. Really, Mr. Speaker, when the government at the helm cannot operate even an effective postal service, there is little hope of its being able to run the economy of this nation.

Some hon. Members: Hear, hear!

Mr. Mazankowski: The service of the Post Office Department has deteriorated to such an extent that the provincial government of Alberta has been forced to set up its own mail delivery service. At least, it has entered into a contract with a private mail delivery service for the delivery of inter-government mail between Edmonton and Calgary. It has done that because of the inefficiency and ineffectiveness of the Post Office Department in carrying out its obligations.

Some hon. Members: Hear, hear!

Some hon. Members: Shame.

Mr. Mazankowski: Today, I received a letter from a gentleman known as Fred Lonsdale Jr., who has offices at Lloydminster, Saskatchewan and Marshall, Saskatchewan. That letter reads, in part:

> Our business interests involve mainly communications and we view with alarm our high postage bill, up 60 per cent in the past few years, seems only to have resulted in rapidly deterioration in service.
>
> One part of our business, the Credit Bureau of Lloydminster, is making increasing use of TELEX as an alternative to the mails.
>
> It might not be long before that business will be on DEX 1 eqpt., which similar to PHOTO FAX transmits a photo copy of documents over a telephone line in 1-6 minutes.
>
> Time service by the post office department is bad enough but worse still is the unreliability.
>
> We are also in the insurance business and as we cannot depend on the mails with last minute closing of construction bonds some of our clients simply have to drive bids and bonds to Edmonton or Saskatoon.
>
> The 1903 ox cart was more reliable.

The letter is dated May 18, 1972.

Mr. Paproski: And today is the twenty-third; shame.

Mr. Mazankowski: I will be glad to send the Postmaster General (Mr. Côté) a copy of that letter and will be glad to hear the outcome of his investigation into circumstances surrounding the provincial government's decision—

Mr. Côté (Longueuil): Why is the hon. member waiting?

Mr. Mazankowski: —to set up its own mail service through a private mail carrier. I think this is a national disgrace, Mr. Speaker.

Some hon. Members: Hear, hear!

Mr. Paproski: Back to the pony express.

Mr. Hees: Back to the ox cart days.

Mr. Mazankowski: While suggesting that things were going to get better, and we certainly heard that before, the minister went on to say that we have to take a new look at our situation and decide what policy will best serve our long term interest. In this connection, I feel that the minister failed miserably to come up with an imaginative scheme to meet the challenge he boasts about, providing a job for every able bodied Canadian who seeks employment, particularly on a long term basis. When you analyse this budget carefully, you see that it is nothing more than an ad hoc measure, tarnished with pre-election political taint which the government hopes will get it over the hump.

If the Minister of Industry, Trade and Commerce (Mr. Pepin) wants to make another speech, which I hope will be better than the one he made on the last budget, I would certainly like to hear it, particularly if there is anything constructive and stimulating in it. It is certain that that minister has been unable to cope with the economic problems that face industry in this country. This budget may well backfire. When we strip away the verbiage, all the frills and flowery phrases, there is no evidence of the new fundamental approach about which the minister talked. People no longer trust this government. They are suspicious of their underlying motives.

Some hon. Members: Hear, hear!

Mr. Mazankowski: People are suspicious of the fine print and some of the deliberate omissions. For example, the public was very quick to recognize the fact that effective the first of the year there will be an automatic increase in personal income tax. As the hon. member for Edmonton Centre (Mr. Paproski) says, perhaps the Prime Minister (Mr. Trudeau) cancelled the election because, now that the budget has been analysed, it can be seen that it will not provide the necessary impetus to get this country going. Can we really be sure that the corporate tax measures which have been introduced will be in effect for more than one year? There have been four budgets within the past 12 or 13 months. By simply bringing in another budget, any tax concession or tax increase can be brought into effect.

Also, can we assume that jobs will automatically be generated as a result of these measures? Manufacturing and processing industries need the stimulation provided by tax changes. I do not believe the impact of these proposals will have the immediate effect that we need. The minister alluded to the fact that the impact of the budget will only be felt within the next three or four years.

I ask this question, Mr. Speaker, also; can business generally look forward to less government interference and manipulation, thus allowing the free play of the market, coupled with the wisdom and initiative of management, to respond and foster growth in a reasonable and confident way providing long term growth and stability? We do not have that assurance in this budget. Big government continues to dominate in a very paternalistic way. Are we going to have more legislation introduced which will generate animosity and uncertainty in the business world, as the tax reform amendments, the Competition Act, the Labour code amendments and the foreign ownership question have? Are we going to have this form of government regimentation which will leave business in a state of suspended animation?

It is well known that the business community, particularly small businesses, are overwhelmed by the technical details of the recent changes in the tax law, the proposed legislation related to competitive practices and the law of industrial relations and labour standards. A very high percentage of management time is being absorbed trying to calculate the impact of these proposals to the point where essential business planning is being severely hampered. All these things collectively, which have been created in large part by the government's technocrats and academics, make up the bulk of the difficulties which have crippled the economic vitality of this country. These have affected all businesses, large and small, manufacturing and service industries as well as investment and resource industries. I suggest that if the Minister of Finance wants to create jobs, he would be wise to tackle this area and remove the gross amount of government interference which we have in the business world today.

Some hon. Members: Hear, hear!

Mr. Mazankowski: I sincerely believe this would restore confidence and provide a new sense of determination which would result in renewed planning based on sound objectives. The Minister of Finance could then have introduced a full employment budget with emphasis on more direct employment and investment stimulus, more effective assistance for the labour intensive and export sectors which are placed in an unfair position by recent national and international events. There could be more effective measures to remove the corporate tax discrepancy between Canadian companies and international corporations operating in this country. That would be a worthwhile move. There should be greater across-the-board equity in incentives and tax breaks affecting other sectors such as the service industries, the construction industry, farming, fishing and logging.

I am pleased that the Minister of Finance recognized that growth in jobs comes more effectively from the private sector than the government. I commend him for taking this first step in putting government back into its proper role. While we acknowledge the fact that the corporate tax reduction in the processing and manufacturing sector, plus the added feature of accelerated depreciation on machinery, may provide some stimulus and offset the effects of DISC and the appreciation of the Canadian dollar, it should be recognized that a large part of the machinery in question will be purchased outside this country. This may have a more favourable affect on economies other than Canada's. I believe that more than 50 per cent of the $3 billion spent on machinery and equipment is spent on items imported from other coun-

tries. This proposal may displace more people through greater automation. I believe the minister alluded to this as well. It is now commonly accepted that these proposals will not provide an immediate upsurge in the economy. I believe the minister suggested it may be three or four years before the full impact of them is felt.

I believe, and I say this very sincerely, that positive steps should be taken to bolster the role of Canadian firms which export a large percentage of their products. What are we now doing? Many Canadian companies have to compete against multinational corporations operating on an international scale. They are finding it very difficult to compete as a result of tax policies. The Versatile Manufacturing Company, like many other companies, is being forced out of the country because of the taxation policies of the federal government and the provincial government of the province in which it is located. The president of Versatile suggested to me that his corporation is paying a 54 per cent corporate tax and that Massey-Ferguson, which operates on an international scale, has been paying in the order of 31.6 per cent for the past three years. John Deere, which operates on a world-wide scale, paid an effective tax rate of 10 per cent. The president of Versatile told me that if he were to get an equal tax arrangement with his world wide competitors, he would not only be able to provide more jobs for Canadians, but would be able to reduce the price of his farm machinery considerably. He suggested a figure of 10 per cent. He calculated that he was paying $900 more tax on the largest tractor his firm builds than the Massey-Ferguson company is paying on its largest tractor. His tractor retails in the area of $26,000.

We now have a situation in which this company is being forced to move to the United States to establish a subsidiary there. Once a subsidiary is established there, we can look forward to its further development in the United States. We allow our truly Canadian industries to suffer, thus failing to provide the potential employment which could be derived therefrom. When grants are being considered under the incentives legislation by the Department of Regional Economic Expansion, more consideration should be given to Canadian corporations as distinct from multinational and international corporations.

• (1510)

I believe, too, that positive steps should be taken to encourage new industry, particularly in areas where for economic reasons greater diversification is required. I refer particularly in this context to western Canada. The provisions in the budget for accelerated depreciation and the reduction of corporate taxes may not be sufficient to stimulate the development of new industry in the west; I have in mind, particulary, the processing of agricultural products. A certain amount of expansion has taken place in this area in western Canada, but great difficulty is still experienced in acquiring sufficient risk capital to start some ventures. The Industrial Development Bank has not always looked kindly on small operations in their early stages and many such development are stultified for lack of risk capital.

I might mention, here, the town of Smokey Lake in my constituency where an alfalfa pellitizing plant has been developed, largely as a result of co-operation between the citizens of that community. A great demand exists for this product; indeed, at the present time the commodity is being imported into Canada. It became evident that the banking institutions, including the Industrial Development Bank, were not willing to provide sufficient funds to get the operation into being. Eventually, the directors of the company made application to the First National Bank of Oregon. Approval was given in principle to a request for financing, but certain conditions were imposed. The company found itself in a situation in which it could not obtain a grant under the area development incentive legislation because of the time lag. Today, however, through the tenacity and conviction of the directors and shareholders the plant is in operation—but only after many difficulties, a great deal of cost and much inconvenience. I feel it is plants of this kind which are in need of greater consideration from the federal government.

Turning to the area of personal income tax, my own feeling is that reductions in personal income tax levels, particularly in the middle income range, would have been a desirable proposition not only from the standpoint of stimulating the expansion of the economy but also on grounds of fairness. We should bear in mind that the government is constantly reaping greater revenues from taxation as a result of increases in the cost of living. I believe a good case can be made for tying personal tax rates to a formula based upon the cost of living index. There is ample precedence for doing so. I refer to the legislation in connection with the pensions and allowances of senior citizens and war veterans. I welcomed those proposals; the manner in which they were dealt with by parliament indicates how expeditiously the House can dispose of good legislation. Had the government put forward more legislation of this kind, it would have encountered very little difficulty in proceeding with its legislative program.

I turn, now, to agriculture. There are a number of disappointments in the budget but none keener than in the field of agriculture. I do not believe the farmer can find much to be pleased with among these proposals. When industry, manufacturing industry in particular, encounters a setback, relief is provided almost immediately. But those who rely on the export of agricultural products have been obliged to put up with foreign subsidies and unfair competition for many years without redress. The situation has been getting worse, instead of better, yet the government still shows considerable reluctance to provide any relief in this area. The point I have particularly in mind, is this: the minister spoke in glowing terms about the way in which net income in the agriculture industry had increased over the past year. He mentioned a figure of 25 per cent. Some clarification is needed, here, since it is not really net income we ought to be dealing with, but realized net income. This is the figure which puts dollars in the farmers' pockets. And here the figure is in the order of something like 10.8 per cent. I simply say this for the sake of clarification.

Next, I wish to put on record some figures which were quoted before the agriculture committee. As cited by Mr. Williams, the deputy minister, the net income figure for 1966 was $1,549 million. In 1970, the figure was $927 million. Thus, there has been a reduction in that period amounting to some 40 per cent in net farm income. So, we

are considering an increase of 10 per cent in that figure, one which is a far cry from the figure recorded in 1966.

Further clarification is also required in connection with the application of the tax proposals as they relate to corporations. I notice with interest that the *Farm and Country* magazine of Tuesday, May 23, calls for clarification with respect to the application of these changes to companies processing agricultural products. There is uncertainty not only with respect to corporate tax reductions but also in respect to claims for rapid depreciation. An article appears in *Farm and Country* by John Phillips, who says:

> There will be a lot of dismayed Ontario farmers when they discover that Finance Minister John Turner's budget excludes them from goodies offered other businessmen.
>
> Last week, Department of Finance officials gave a tentative ruling to the effect that farmers could not share in the fast write-off given urban manufacturers.
>
> Within hours of the budget announcement *Farm and Country* was getting a flow of inquiries about the write-off for farm processing equipment such as automatic feed mixers and grain dryers.
>
> • (1520)
>
> Finance Department whiz-kids have concluded, however, that the few farmers operating a fruit packaging plant or using equipment to wash carrots could qualify for the almost instant depreciation.
>
> Their ruling is not final. The regulations have yet to be written. This may take two months or so. Doubtless Finance Minister Turner will get many representations over the coming weeks.
>
> The only farm beneficiaries under the new budget are old people living on nothing but the basic old age pension and guaranteed income supplement.

I am glad to see the Minister of Agriculture (Mr. Olson) in the House. I am aware of his continued and vital interest in agriculture, and I know he is concerned about the application of the corporate tax rate and depreciation provided for in the budget. I hope he will use his good offices to twist the arms of revenue officials so that these provisions will be taken into consideration and accurately interpreted in the best intents of Agriculture. After all, no other industry is more affected by the appreciation in the value of the dollar and the DISC proposals than is agriculture. Therefore, I urge that these matters be dealt with now rather than after the revenue department has made its final interpretation.

The minister also referred to the many adjustment programs, and many of these spell extinction for a good number of farmers. He also recognized the inequities of the tax reform proposals that have been made in several areas and instituted corrective action, though he failed to do so in the area of capital gains arising from inter-family transactions or in reinstating the basic herd provisions. However, I am aware of the fact that an interdepartmental committee is working on this subject, and once again I urge the Minister of Agriculture to use his good offices in this area.

The minister went to great lengths to deal with the suggestion that most people want to live in the large urban centres. This, to me, simply casts a reflection on the naïvety of the minister and the government, as well as their long-standing disregard for rural Canada. The fact of the matter is that this assumption is not correct. On the contrary, there are more and more people becoming desirous of living in rural areas and bringing up their families there, provided they have the opportunity of earning a minimum standard of living that is comparable to that of their urban counterparts. Many policies and programs of the government, such as the DREE program, manpower programs and agricultural programs, are literally forcing people to quit rural areas and move to cities. I have warned the Minister of Agriculture and the government on many occasions of the fact that there is a very great need for the maintenance of an equitable rural-urban balance. I believe that a positive approach must be taken to restoring the viability and vitality of the rural communities of this country. This is long overdue. The problem might be attacked by the establishment, for example, of a new department that would co-ordinate all of the economic and social aspects, producing solutions that are based not only on economic realities but on the realities of human and social needs.

I am disappointed that the finance minister did not see fit to take steps to reduce or to remove completely the 11 per cent sales tax on building materials. This is a tax that affects every Canadian and such removal would have had a long lasting effect. Similarly, I am disappointed that the minister did not take the opportunity to reduce or remove the sales tax on the soft drinks industry. This industry has been bombarded by a number of problems, particularly smaller operations, since the advent of the various anti-pollution programs which have added an extra burden. I see my time is up, Mr. Speaker.

Mr. Speaker: Order, please. The hon. member's time has expired.

Mr. Ian Wahn (St. Paul's): Mr. Speaker, I should first like to say that, like most hon. members on this side of the House, I welcome the budget that has been presented, the first budget of the present Minister of Finance (Mr. Turner). I particularly welcome the changes providing for full escalation of old age security payments and payments to veterans. It is quite clear that most hon. members in this House are of the same mind in view of the speed with which this legislation has been passed. May I congratulate the Minister of Finance on his first budget and assure him that it has been well received by most members in this House, certainly by most members of the Canadian public.

As I have said, I am particularly happy about the escalation provisions regarding old age security pensions and veterans pensions. As the minister pointed out in his remarks, the government is committed to proposing ways of rendering justice to those people in our community who have been hurt by the rise in the cost of living and have no way of fighting back. The minister went on to say that he was speaking of those Canadians who have retired, whose working days are over, and of our veterans and their dependants. The same principle, however, applies to payments under the Canada Pension Plan which, as hon. members know, provides for an escalation feature which has been, and is, limited to 2 per cent a year. It would be very pleasant to believe that we could limit the rate of inflation to 2 per cent a year, but experience in recent years makes this look very unlikely indeed.

I realize that no increase can be made in the escalation rate under the Canada Pension Plan unless at the same time a corresponding increase is made in the escalation rate—the same 2 per cent—under the Quebec pension plan. The two plans are tied together, and parallel changes must be made in co-operation between the two governments. Admittedly, the problems are complex, but just as it was essential that full escalation be provided for our veterans and those in receipt of old age security payments, so it is essential, and only consistent with justice, that full escalation be provided under the Canada Pension Plan and the Quebec Pension Plan. The present 2 per cent escalation is just not sufficient. People who have been working all their lives and expect to get a reasonable pension on retirement are finding that by the time they retire, or a few years after they have retired, the $400 or $500 a month they were expecting to receive under their pension plan is worth much less, perhaps only $300 to $400 a month, in terms of purchasing power. Therefore, it seems to me quite clear that, until such time as we can establish a non-inflationary economy, it is essential that those who have retired on fixed incomes and cannot protect themselves against rises in the cost of living should have full escalation of their pensions. I hope the minister will assure the House that this problem is being considered very carefully, and that in due course provisions will be agreed upon to provide for full escalation under both the Canada Pension Plan and the Quebec Pension Plan.

• (1530)

There is another point perhaps of equal importance in connection with the escalation of pensions. A very large number of people are covered by private pension plans provided by the corporation or employer for whom they work. Probably these private pension plans are at least as important as those under the Canada Pension Plan and the Quebec Pension Plan. To be eligible for income tax deductions, these private pension plans must be registered with the Department of National Revenue. In that way, therefore, our federal government does have control over the provisions contained in the eligible pension plans established by private employers and corporations.

A few months ago I was amazed to learn, after writing to the Department of National Revenue, that under the present procedures of the department a private pension plan will not be accepted for income tax deductibility if it provides an escalation rate of more than 2 per cent. In other words, if an enlightened employer or corporation wants to establish a pension plan which will provide for full escalation so as to protect the income of the employees when they retire against an increase in the cost of living, the income tax department, under existing regulations and procedures, will refuse to accept it. If the income tax department refuses to register a plan, that means that the contributions made by the employee into that pension plan are not deductible from the employee's income for tax purposes. It also means the contributions made by the employer to the pension plan will not be deductible for income tax purposes. Obviously, the result will be that an employer will not adopt that type of pension plan.

It seems incredible that the federal government would adopt deliberately regulations to prevent enlightened employers from providing pension plans which fully protect the purchasing power of pensions built up by employees over a period of years, yet apparently this is what is being done at the present time. I think possibly one reason may be that the department wishes to protect its revenues. Obviously, if there is to be full protection against escalation a pension plan will cost more than if there is only partial protection. Therefore, in limiting the amount of the escalation to 2 per cent, as we have done in the case of the Canada and Quebec Pension Plans, the Department of National Revenue ensures that deductions from income tax will be lower and that federal government revenues will be higher.

This does not seem to me to be a good reason for this procedure. I hope that the Minister of Finance in co-operation with the Minister of National Revenue (Mr. Gray), will review this situation, and before too long will be able to announce to this House that this particular provision will be changed, and that instead of preventing employers from providing full escalation in private pension plans, the federal government will do its best to encourage employers to set up plans which have full escalation provisions. I hope that ultimately the federal government will go further and will insist, as a condition of registering for tax deductibility, that every private pension plan must include provisions to guarantee full protection against increases in the cost of living.

From my recollection of the budget speech of the Minister of Finance, I believe he indicated a hope that the increase in the cost of living would be kept to a minimum, and we would be able to curb inflation. Of course, this would be an ideal situation. However, assuming we do not have a breakdown in the monetary system which would lead to deflationary conditions throughout the world, and no one wants that to happen, I see no reason to believe—and I think there are many economists who hold this view—that we will have anything but a continuing and very substantial percentage increase in the cost of living each year. Therefore, until such time as we do devise the economic methods which will permit us to maintain stability of prices with high employment, it is essential that throughout the entire spectrum of Canadian life regulations should be adopted and legislation should be introduced to protect the purchasing power of people who are retired, people on fixed incomes and with savings, who are in no position to protect themselves by insisting upon increased wages or salaries.

One provision which does help to protect Canadians at the present time, and one I certainly wish to commend most highly, is that provision pursuant to which the basic exemption for those over 65 will be raised from $650 to $1,000. This provision does help to protect the purchasing power of people who are retired.

Mr. Peters: Its adoption is fairly belated.

Mr. Wahn: It may be belated, but welcome nevertheless, and I am delighted to see it in this particular budget.

I turn now to another important provision in the budget, that which relates to the reduction of tax of manufacturing and processing businesses, including small businesses, and the related provisions for depreciation and fast write-offs for machinery and equipment required by manufac-

turing and processing industries. I think most Canadians will welcome these as well. There has been some suggestion in some quarters of Canada, possibly not from the minister, that these provisions will help to counter the effect of United States legislation providing for the DISC program.

I gather that the DISC program is designed to prevent the multiplication of United States owned branch plants in Canada, and to provide encouragement to manufacture in the United States rather than in Canada. To the extent that the DISC program would prevent a further extension of branch plant operations in Canada, I am inclined to think it should be welcomed by Canadians rather than resisted. To the extent it would result in the withdrawal of branch plant manufacturing facilities which now exist, it would create short term problems because our manufacturing economy has been built up on a branch plant basis. Changes should be made gradually. Any sudden retirement from Canada of manufacturing operations which form the basis of the economy of particular municipalities or localities would cause a great deal of hardship. From a short term point of view, some legislation such as this to prevent hardship in Canada to established manufacturing operations is certainly to be welcomed.

In addition, of course, the general principle of reducing taxes on manufacturing and processing businesses is likely to be well received in Canada. Probably corporate income tax must now be regarded as a cost of doing business rather than as a sharing of profits with the State. In other words, any manufacturing company now has to try to make a reasonable percentage profit on its capital which will justify its continued expansion and continued capital investment. From this point of view, corporate income tax is now regarded as a cost of doing business, just as municipal and sales taxes or any other provincial or municipal taxes. A reduction in the corporate income tax should therefore have the effect of reducing the cost of doing business of these corporations. In time, this should make them more competitive in world markets. It should also in time and as a result of competition lead to a reduction in selling prices in Canada. This, of course, would also help reduce the danger of inflation. There are many good reasons this particular provision, reduction of the tax rate of manufacturing and processing businesses, is a good thing. I would hope, however, the minister would give some consideration to whether it might be desirable to introduce, perhaps over a period of time, a lower rate of tax for companies which are Canadian-owned as compared with other companies. The purpose would be to increase the number and competitiveness of Canadian-owned companies in relation to other companies. The present tax reduction, of course, applies to all companies. I think perhaps it must at the present time, in order to avoid the problems relating to DISC which I mentioned.

• (1540)

Personally, I should like to see long-term consideration given to the possibility of using the tax system to encourage wholly-owned subsidiaries of foreign companies to make their shares available to the Canadian public, to encourage Canadian companies and give them a competitive advantage over companies which are not prepared to operate in Canada upon the basis of a partnership with Canadian investors. This would be a long-term project which perhaps could not be introduced in this budget. However, I believe it is important that we should decide one way or another whether our program to ensure greater Canadian investment can be stimulated by the tax system or whether direct controls are required to do it. Certainly, it is well worth investigating the possibility of achieving what we want to achieve through the tax system.

In conclusion, may I say I welcome the budget provisions, particularly those relating to the escalation of pension payments and the tax provisions. While I welcome them, they are to some extent pragmatic and ad hoc provisions. I hope that before too long the minister will outline in greater detail the basic philosophy of the government in relation to the control of inflation and also in relation to the development of more efficient Canadian industrial organization.

[*Translation*]

Mr. Roch La Salle (Joliette): Mr. Speaker, it is with a keen interest that I take part in the budget debate. The budget speech is always preceded by long comments and followed by comments now worthwhile now interesting now negative and now positive.

I should like, Mr. Speaker, to avail myself of this opportunity to discuss certain budget proposals and remind the government that certain suggestions have already been made and that it should give more attention to some solutions that could promote in our economy and social climate the stability we are looking for.

I am not suggesting that no efforts were made these last years; on the contrary. I also admit that results in some cases were worthwhile and in other cases insufficient. We need only look at our unemployment rate in 1968 and at the one we have today.

The Department of Regional Economic Expansion used great amounts of money to create new employment. The Department of Agriculture put forward some interesting measures in favour of farmers. The Department of Industry, Trade and Commerce succeeded in concluding excellent agreements with other countries. I am also thinking of certain capital injections made at different times of the year during the last four years.

However, all those efforts and accomplishments were inadequate. At any rate, we were not able to check the evil that we call unemployment. I acknowledge that suggestions were made by members from all parties. Some of them were accepted since the budget complies with them. The budget speech also includes worthwhile proposals from the government.

I had an opportunity to invite the government to organize more general meetings with businessmen, provincial authorities, union leaders and employers. In my opinion, the government has not managed, over four years, to find miracle solutions. I still believe that nobody in this House is in possession of such solutions. I am still convinced that the government will always benefit from more regular meetings with businessmen, provincial government representatives, union leaders and employers, focussing on a serious study of our ailing and troubled economy. Considering the expertise of such businessmen and representa-

tives, the government could obtain wise advice likely to help it establish an efficient and valuable policy for the future of our country.

Of course, I should like to declare myself very pleased with the improved social measures announced in the budget speech. As concerns the increased old age security basic pension, I have been hearing about that for a long time. I shall not say that the government has imagined or devised something new when it increased the old age security pensions.

Anyway, we should honestly rejoice at the government's positive answer to past representations.

However, for a few minutes, I should like to discuss briefly the problem thereby created for the province of Quebec. As a representative of the province of Quebec, I believe that it is only normal that I should stress, among other things, the reaction of the Quebec Social Affairs minister or of the Quebec cabinet. It has been suggested that Quebec might find this legislation unsatisfactory. One would have to be quite naïve to believe that the Quebec Minister of Social Affairs was dissatisfied to find that the government was increasing the old age security pensions.

• (1550)

The Quebec government deplored that it was not warned of this measure. I submit that we should consider the Quebec context and the objective of the Minister of Social Affairs who wrote a book on Quebec social policy. This book was written ten years ago and the minister is most anxious to implement this Quebec program of social policy.

It should also be recognized that Quebec is in a rather peculiar situation. In fact, I wonder whether all hon. members are as convinced of that as I am. I think that under those circumstances, the Minister of Social Affairs is quite justified in insisting on a typically Quebec social policy for Quebecers and with Quebecers without being necessarily isolated from the rest of Canada.

In my opinion, Mr. Castonguay was quite right in deploring that the government failed to inform him about the passing of this legislation because he was thus obliged to consider the Quebec social policy in relation to different classes of people and that, simultaneously, the Quebec provincial budget was affected in the area of social policy.

I think that this explanation was necessary. I also believe that Quebec members are perfectly aware of the Quebec situation. They recognize the arguments put forward by the Quebec Minister of Social Affairs. Perhaps they simply need a little more courage to agree with me.

Now, Mr. Speaker, I would add that everyone in Quebec is happy that the old age pension has been increased.

Starting July 1, 1972, the government will increase from $650 to $1,000 the special exemption for persons aged 65 and over.

Mention should also be made of the special exemption of $50 per month for trainees and full time students attending courses prescribed by educational or training institutions.

[Mr. La Salle.]

Moreover, medical expenses are enlarged, for tax purposes, as from January 1, 1972.

No doubt that these special measures provided in the budget are beneficial and welcome. Thus, the changes relating to tax reform are, to a certain extent, very interesting and the economic outlook for next year, to which the Minister of Finance (Mr. Turner) has referred, is very bright. Shall we have to wait until the end of the year to see that the economic outlook has been thoroughly considered and that it reflects what is in store for us?

I do not hesitate to say that the budget brought down by the Minister of Finance is most acceptable. But is it enough to rectify the situation? Are the credits provided sufficient to lead us to believe that within the next ten months or the next year, the rate of unemployment will be reduced to a normal level? Will it be possible to generate enough jobs to meet the needs of the manpower entering the labor market every year, in June, and to create the social climate we are hoping for? I doubt it very much and this is why I took the liberty of making some suggestions.

We have heard about the increase of the old age security pension payable at 65. Some of my colleagues who have spoken about it, and myself, have been wishing for a long time now that the qualifying age be reduced to 60 I must repeat, even though I have already said it and it has been suggested to me, that this suggestion was very interesting. Yet, in the budget, my proposal of bringing down to 60 the age of eligibility to the old age security pension, since, according to statistics, there would be in Canada from 350,000 to 400,000 persons aged from 60 to 65, went unanswered.

In view also of the fact that there are about 600,000 unemployed, it would be very interesting, in a year from now, to be able to put on pension persons aged from 60 to 65, in order to give work to 400,000 unemployed.

I think that this pension of $285 for a couple is inadequate in several cases. We should, once again, consider seriously the possibility of increasing this pension to at least $350 a month for a couple, because I do not think, considering the increase of the cost of living, that we can give these aged people a well deserved rest, an adequate income enabling them to feel happy and say that their country has done something for them, which would create by the same token about 400,000 new jobs.

In my opinion, we would promote a better social atmosphere, by granting our older people a well-deserved rest—since they have been on the labour market for about 40 years—and by providing about 350,000 to 400,000 young people with a job, a responsibility as well as a suitable salary.

Thus, we would have put things back in the right place, we would have given work to young people between 20 and 30 years of age, and well-deserved holidays to people of 60. Therefore, we would develop a most human policy, since we all know that in industry, for instance, machinery is increasingly important, while the person is less and less important.

Mr. Speaker, I really hope that through perseverance, we might get some results. I say so because the hundreds of letters received from people in my riding always emphasize their support for this kind of policy. We would,

during the first six months, provide for a voluntary pension, that is to say enable people between 60 and 65 to get a reasonable pension and a deserved rest and, during the next six months, make this pension compulsory, if we really are to put an end to this unemployment which has existed for too long a time.

I understand that the government has been hesitating about developing such a policy, because it has believed, for four years, that it was going to correct this situation through money injections made by the departments I referred to a while ago. I repeat that the government has made every effort in terms of time and money, but we all admit that this was not sufficient. This policy, which would reduce by 70 per cent the number of unemployed, would be such as to involve the passing of legislation which, from a social point of view, would be quite extraordinary and, at the same time, we should stop to spoil the generation of people between 20 and 30, trying to give them ever increasing social allowances, just to request that they remain idle.

We should give serious consideration to setting the age for eligibility to old age security at 60. The amount should be adequate. In view of all the consequences I have just mentioned I believe we would truly make progress towards achievement of a much better social climate than is now prevailing.

I should also, Mr. Speaker, point out to those in the government, particularly to the Minister of Finance, that funds should be made available to build anti-pollution plants in municipalities. It is all very well to discuss pollution but so long as sufficient funds are not made available to municipalities for the building of such plants, all attempts to clean up the St. Lawrence river are pointless, since we know that all its affluent rivers are polluted.

• (1600)

It is very important, I suggest, that intelligent officials see to it that we clean up the Great Lakes and the main rivers first and then smaller streams.

Our municipalities are all anxious—which I learned from their responsible representatives—to get purification plants but the required funds are not available. I think that the Minister of Finance should in the near future consider paying the cost of building purification plants, which would promote the sale of materials and create jobs. Such a policy would be extremely beneficial. And what about the importance the House should attach to recreation? Of course we know that in the province of Quebec certain jurisdictions must be respected. For my part, the suggestion I would make would respect those jurisdictions. I am thinking of a policy on recreation that would provide credits. In fact, the problem is always one of credits when municipalities are considering the construction of arenas and baseball fields.

I know what extraordinary amounts of money provincial governments have spent to organize recreation. Above all else, the municipalities must be given the basic tools, I know from experience because I have dealt personally in recreation. In fact, I had the opportunity and the pleasure of doing recreational work for years, and I know very well how to go about it. It is often low-brow work. It does not necessarily entail the submission of extensive briefs to the department, which in any case often gather dust on the shelf.

I know some municipalities which are now equipped with a floodlit arena or baseball park. I feel they are basic equipment which enable them not only to play hockey or baseball but to go in for other forms of athletics.

How could we reach those goals? I thought that the government would be in a position to take part in the construction of arenas. In the average municipality, an arena can cost some $100,000. I do not refer to large arenas with artificial ice which can cost $500,000 or $600,000. In my opinion, those who advocate such projects are mistaken. A good number of average municipalities would like to be have an ordinary arena which would enable thousands of young people to practice some sports, whatever the weather. Such arenas can be built at a cost of $100,000. And I believe that the federal government could invite the provinces to participate, and the provinces could in turn invite municipalities to do so. The municipality would show its good faith by guaranteeing a minimum fund of 25 per cent. The province could be invited to provide 25 per cent of the cost, and the federal government, 50 per cent. We shall then be able to establish a serious, efficient and long-term recreation policy. For instance, my riding has benefited this winter from local initiative programs worth $1,300,000. I was very happy, but I am sure that if the municipalities had been provided with a million dollars, they would have succeeded in building a dozen arenas where, for 20, 25, 30 or 40 years, thousands of young people would have enjoyed themselves.

Such a comparison is valid and I make it because I believe more than ever that it is important to supply the municipalities and the young with basic institutions which will last. As for the necessary basic structure, it shall be easy to provide once we have the basic tools with which to work.

It is unthinkable to organize a hockey game when there is a storm; it is unthinkable to organize a baseball or softball game when it rains. It is unthinkable, of course, to have games during the summer after 8 p.m., as we have no lights.

As for funds put at the disposal of municipalities they should first be discussed with the provinces and municipalities. I am convinced that they would be quite pleased to pay a quarter of these expenditures. The federal government would do something profitable and durable. It would seriously contemplate a policy on leisure.

This does not mean that the federal government should cease promoting sports in Canada, as it is now doing, but in order to properly compete with other countries, serious consideration should nevertheless be given to building arenas and training athletes who will do credit to our country.

Mr. Speaker, I cannot ignore the Opportunities for Youth program which in itself is still an excellent initiative but its application is quite questionable.

The government should seriously consider instituting programs of such a nature that they will serve society in general and at which the young people could work and earn a substantial income during the summer.

At present, the government makes thousands of young people believe that they will be able to develop a project. Unfortunately, these young people will be greatly disappointed. In spite of funds amounting to about $35 million earmarked for this year's program—which is a commendable effort on the part of the government—it will find that thousands of youths will be very disappointed with this policy because out of six projects only one will be accepted. In view of these circumstances, I should like to remind the government that it would be better to change not only the selection of the projects, but also the manner in which the program is outlined.

Mr. Speaker, I cannot help but wish for the disappearance of this evil which is unemployment. Also, I should like to tell the government that in my constituency north of the St. Lawrence River between Montreal and Berthier, springtime erosion has for many years caused problems to the municipalities of Saint-Sulpice, Lanoraie and Lavaltrie, which are situated along the shore of the river. Would it be possible to ask the minister that funds be earmarked for the construction of a retaining wall? The St. Lawrence River is a waterway very important to navigation. The technical innovations in the area of shipping are progressing as rapidly as in other areas.

• (1610)

East of those municipalities, a dam was built a few years ago so the riparian owners send me every spring requests for subsidies from the Department of Public Works to check the devastating erosion. The hon. member for Terrebonne (Mr. Comtois) could say the same since the city of Repentigny is in the area I am referring to, between Montreal and Berthier. The hon. member for Berthier (Mr. Yanakis) is also certainly aware of that problem.

Now instead of spending such amounts of money every year, as it has been done for a hundred years only to carry few stones for makeshift repairs, I believe we should build a permanent retaining wall. An important project of that kind would provide employment for a good number of unemployed and riparian owners would be secure. Indeed, they are worrying very much this year about erosion that threatens not only waterfront lots but buildings also. Therefore I should like the hon. minister to consider the possibility of appropriating credits for carrying out such a project. Municipalities made several representations to the Department of Public Works but on account of the standards established a few years ago, nobody wants to assume responsibility for that erosion. Now, we know very well that the water level was raised for shipping purposes, which is a serious cause of concern for waterfront owners. A project of such magnitude would give jobs to anxious workers for a certain time.

Also I would like to mention that the riding I have the honour to represent is still awaiting a review of the designated areas which was promised and which hopefully should be announced by the Minister of Regional Economic Expansion (Mr. Marchand). Saturday last, the city of Joliette officially requested from the Minister of Regional Economic Expansion that it be given a more advantageous designation than that granted to the riding I represent.

[Mr. La Salle.]

The economic situation of my riding is neither better nor worse than in other regions. But I believe that my riding is as much in need of these benefits as some neighbouring ridings—of which I am not jealous—which have been granted a more advantageous designation.

I am again inviting the hon. minister to consider once more our request most carefully as he always does. In fact, two years ago, it was my pleasure to be informed by the minister himself that my riding would be granted 10 per cent on all investments and $2,000 on all new jobs. But since some ridings may be granted up to 20 per cent and $5,000 for each new job, the situation is becoming quite difficult for my riding and mainly its municipalities, not counting the city of Joliette which is making tremendous efforts with a well-organized industrial commission. But we have lost the odd economic injections because of unfair competition.

As we are living in a just society, the minister will no doubt study this question very seriously and be in a position, before June 30, to give some good news not only to the voters of Joliette but also to the whole area which owing to that development will experience an extensive economic growth.

Mr. Speaker, I am under the impression that my time limit has expired. I regret being unable to carry on with my remarks as I had more to say, but I shall end by further calling the attention of the Minister of Finance to the urgent needs facing the voters of the constituency of Joliette that I have the honour to represent.

[*English*]

Mr. C. Terrence Murphy (Sault Ste. Marie): Mr. Speaker, may I extend my congratulations to the Minister of Finance (Mr. Turner) upon his first budget. I add my congratulations to those of others who preceded me in this debate. I was most pleased to find that the government had finally decided to leave behind the concept of the 2 per cent cost of living escalator and adjust payments so that the actual increase, in percentage terms, in the cost of living will be added to the incomes of those in Canada who are 65 and over. I have been questioned by many on this point, particularly by people in the middle income groups. They suggested that the government was abandoning the principle of selectivity and returning to the universal type of program. May I say, for the benefit of those who feel that way, that the new approach does not conflict with the principle of selectivity. Inflation hits everyone, not only those who are lucky enough to have saved a fair amount of money and have an income for retirement. I am happy that the present Minister of Finance was the one who introduced this cost of living escalator which will apply to those I have mentioned. No one in this country needs help more than those who have served their time, so to speak, in the work force of Canada, who are now retired, and who have little or no defence against the onslaughts of inflation.

I was pleased to recognize, as everyone here recognized I believe, that this budget is a growth budget. It indicates great faith by the government in the private sector of the economy. Over the past few years, the country has faced the problem of unemployment. Without doubt, the problem is serious and the government has taken a number of public measures in an attempt to correct this problem. It

is now realized, I think, that the government has more or less come to the end of its tether in this field. It is recognized that we must turn to the private sector of the economy and give that sector the impetus that is required if we are to provide jobs and get Canadians back to work. Without doubt, private industry, which includes both big and small businesses, will be tempted to take advantage of the provisions in the new budget which are helpful. Without doubt, business will want to increase profits, to increase its take so to speak; it will be tempted to do that instead of increasing the number of jobs in the country. The minister has indicated that he will be watching the situation closely to see that this does not happen. I certainly urge him to do so. The thrust of the budget urges Canadian companies to invest in Canada and to create jobs for those in this country who are still unable to find jobs.

While I am talking about this matter, I should like to say something about spending, particularly public spending and public grants in the economically slow growth areas of the country. In my opinion, the Department of Regional Economic Expansion has been doing a great job. Yet I think more is needed, and I do not think that more grants from that department are necessarily the answer. If, over the years, a certain area of our country has become depressed, if that is the right expression to use, it has become depressed for a reason. For instance, perhaps there are not the raw materials available nearby to warrant the establishment of a manufacturing industry. Perhaps the area is far from markets. There could be a number of reasons. The weather might be a factor. For all those reasons as well as for others, private industry may not have seen fit to invest in an area.

The government, through the Department of Regional Economic Expansion, holds out inducements for companies to invest in these slow growth areas. In so doing, it necessarily creates side effects. There is always another side to the coin. In other words, you might set up a pulp mill in New Brunswick, only to find that that pulp mill competes with another mill in Quebec. The pulp mill in Quebec might find it hard to meet this competition. Additional competition is created as a result of a grant given to an industry in a certain area. Numerous examples could be cited. I am suggesting that the government might consider undertaking capital expenditures in areas of slow economic growth. In this modern age when communication from continent to continent is practically instantaneous, there is no reason in the world why all government buildings, departments, and major government investments need to be in one particular area in Canada. Large capital government expenditures could be made very usefully in the slow growth areas. They certainly would not produce jobs in the way a steel plant or a paper mill would, but government jobs are jobs. With government people working in these areas, service industries would grow. I think that this concept, combined with the concept of DREE, might go a long way toward eliminating some of the disparities which presently exist in our country because of regional problems.

• (1620)

During the course of this debate, many members have stated that this budget is, in effect, a countermeasure to the United States DISC program. I do not feel that is necessarily the case. There is more than one market in the world. I agree that the United States is the closest and most accessible market, but we should not overlook the huge market that is developing in Europe as a result of the enlargement of the European Economic Community. Canadians must look to that market and must tap it. There are 250 million to 350 million people in that market, and it is ready to be tapped. However, we want to tap it from Canada rather than from within the structure of the common market, as some American multinational companies have done. This budget will, I hope, encourage Canadian processing and manufacturing industries to process and manufacture in Canada at economic rates that will enable them to compete well in that huge market across the Atlantic.

We feel that the American DISC program is aimed at us, but that is not the case. Our friends to the south have a real problem. The few American multinational corporations with headquarters in the United States that invested in Europe last year managed to sell $14 billion worth of merchandise in the European common market from plants which they established inside the boundaries of that market. The total number of companies in the United States were only able to sell $4 billion worth of goods to that market. The Americans are quite justifiably concerned. They see these plants being established with American capital, while the jobs are held by Europeans. Therefore, there is some reason for DISC. This budget is a step in the right direction, but I do not believe it was aimed at combatting DISC. Rather, the proposals were made with a long range view to enable Canadian industry to compete in all markets of the world, not just the American market, and compete efficiently.

During the course of this debate, many members referred to the unhealthy state of the Canadian economy. Practically every other word from the opposition benches was about the terrible mess in which the Canadian economy is today and has been recently. I say to them, as one bull said to another when asked how his heifer was, compared to what is it lousy? Compared to what country is the Canadian economy in a mess? It has been said by someone much more learned than I, in a context I cannot recall, that no man is an island. Neither is a country nor a family. You can only compare a family man with his next door neighbour, his neighbour in the next city or the next province. The same holds true for a country. You can only tell if it is doing well or poorly by comparing the efforts made within it with those in other countries.

Should we compare ourselves with the United Kingdom, where at the moment the unemployment rate is about 6 per cent, the inflationary rate is about 10 per cent and the growth rate over the past 15 years has only been 4 per cent compared to our huge growth rate? Should we compare ourselves with that country? If this country is in bad shape, what should one say about the economy of the United Kingdom which is being so efficiently run by a Conservative government? Should we compare our economy with one of the socialist countries in Europe where inflation is running amuck, where the cost of social services is so high that governments are concerned about whether there will be some sort of revolution because of the tax burden being carried by the average individual in

each of those countries? Should we compare Canada with Sweden? There is probably more unrest in Sweden today than in any other country in Europe. The tax burden is so high the people are rebelling. That country has a socialist government. Should we be compared with the United States where inflation is running between 6 per cent and 7 per cent, even with price and wage controls? Unemployment in that country is running at 6 per cent.

I think I can say with confidence that we can compare our country with any industrialized country in the western world and we can hold our heads up high. We can be proud of our performance, but we cannot be satisfied because there are people out of work and we must take care of them. Many people say that the rate of unemployment in Europe is not nearly as high as in Canada. That is quite true. However, their unemployment statistics are compiled in a different manner. They do not consider a 14 year old to be a potential worker. His ability to work or have a job is not taken into consideration when their statistics are compiled. I do not say that the European unemployment figures are fraudulent, but there is a lot that is covered up.

When checking, out of a hotel in Europe, you may have to wait 45 minutes because, no matter how modern the hotel, there is not a billing machine in it. There are 15 men in the back office working with pens calculating your bill. In this country we have computers to do the work of those 15 men. As the Prime Minister (Mr. Trudeau) has pointed out on many occasions, we could have a high rate of employment if we scrapped a lot of our machines. However, we do not want to do that. We want to urge business to take this budget and go to work. We want them to put those dollars and tax savings to work, invest in Canada and create jobs for Canadians.

Mr. Heath Macquarrie (Hillsborough): Mr. Speaker, I am happy to have the opportunity of taking part in this budget debate which, in a sense, is a discussion of the economic state of the nation. It is obviously a surprise to some hon. members that we are still here to take part in the budget debate. Had I believed all the things I saw last week I would probably not have been making a speech here, but somewhere else. So, we find ourselves here today assessing the economic state of the nation, just as a few days ago, obviously, someone assessed the state of the Liberal party and made certain decisions as a result. Noting the fevered expectations and forecasts of the past number of weeks I am reminded, not of the finest poetry in the world, but of a most memorable passage by Macauley which reads:

• (1630)

Was none who would be foremost
To lead such dire attack;
But those behind cried "Forward!"
And those before cried "Back!"
And backward now and forward
Wavers the deep array;
And on the tossing sea of steel,
To and fro the standards reel;
And the victorious trumpet-peal
Dies fitfully away.

So, we are not to have an election after all. If it is obvious by its self-diagnosis that the state of the Liberal party is not too vigorous, it is equally obvious from reliable external and internal indicators that the health of the nation is much less vigorous than it should be. It may well be that hon. members, such as the hon. member for Sault Ste. Marie (Mr. Murphy), believe we have never had it so good, and, believing this, are impelled to communicate this sentiment to the Canadian people time and time again. I cannot muster up the statistics to make such a statement, and I suggest they will not be regarded as being very credible by those to whom they were offered. As we look at this budget, we have to make an evaluation not only of the document itself but of the kind of economic policies which preceded it and the kind of economic conditions which permitted it. So, we are in fact looking at the whole of the record of the government which took office with immense expectations and with much acclaim some four years ago. The present minister's budget, like the economy over which he presides, derives from the decisions or non-decisions, the judgments or non-judgments of his predecessor, so our appraisal has to be somewhat in depth.

[Mr. Murphy.]

Members who support the government have of course waxed enthusiastic about this particular budget and have thrown bouquets in large numbers at the new minister. All I can say is that this is a better budget than the several which preceded it, nurtured and nourished no doubt by the present Minister of National Defence (Mr. Benson). It is interesting, however, that the present budget is evidence of a significant turnabout in the economic policies of the government. It is interesting, also, that the man most responsible for that turnabout should be the Leader of the Opposition (Mr. Stanfield)—

Some hon. Members: Oh, oh!

Mr. Macquarrie: —who has revealed in his quiet and thoughtful way a grasp of the economics of this country which has far exceeded that of people opposite. If any savant in the party supporting the government wants to know why public opinion polls are showing greater and greater support for this party, it is because month after month people are appreciating the economic wisdom of the Leader of the Opposition. I will give the government that diagnosis for free. If they are thoughtful, they will note his suggestions for our economy which preceded the turnabout of the former finance minister. They will note, too, how perceptively he has analyzed the economic situation. Many of the better moves of the present minister, and in his latter days of his predecessor, were made when they picked up some of the suggestions of the Leader of the Opposition. In his very fine speech during the budget debate, he presented two further important suggestions which I think will find favour among Canadians and have an important effect upon the national economy.

To take satisfaction out of the state of Canada's economic affairs today is surely an exercise in myopic non-observation. How can we strut about and say how well off we are, how beautifully things are going, when unemployment stalks the land year after year? In the old days of classic economic teachings, we were told that these two things came in sequence; inflation might follow unemployment. But the present government has mastered the art of bringing them on simultaneously and continuously, seemingly with no prospect of making either one of them

disappear. There is far too much poverty in the just society, too much inequality among Canadian people and among the regions of Canada.

I happen to come from a region which knows the pangs and inequity of regional disparity. The province of Prince Edward Island, so richly blessed in many ways, is today in the unenviable position of having the highest unemployment rate of all the provinces. We have even surpassed Newfoundland. The figure for March was 16.2 per cent, and combined with this, figures on the cost of living which I have just received today, show that the index in the City of Charlottetown, taking January, 1969 as a base of 100, stands, in April of 1972, at 114.5. Compare that with the figure for another area, St. John the home of my whip, known for its high cost of living—109.8—and 106.7 for the other Atlantic centre, the city of Halifax. So we have the effects of both inflation and unemployment, uniquely painful to the people who must endure them simultaneously. In these circumstances I find it very difficult to tell the people of Prince Edward Island or the people of the Atlantic region they have never had it so good. Ask the young people of Canada how things are going today? Ask the graduates who are coming out of our fine universities by thousands and thousands. Ask them if the economy is going well. I talked to a young student the other day. I said: "Have you applied to the Canada Manpower office for a job?" He said: "Are you kidding? I have been there 45 times."

Much was made by some speakers this afternoon of various programs, including Opportunities for Youth, and the LIP program. They offer something, of course, and with our statistics so high in the realm of unemployment, of course we welcome them. But what happens when the six or seven weeks are over? What happens when the $38,000 or $58,000 or $78,000 is spent and the 12, 13 or 15 jobs peter out at the end of the project? These are mere palliatives. They are not nearly enough for the hundreds of thousands of Canadian people, especially the young who are crying out for opportunities. We all know very well that the projects which are accepted are far outnumbered by other projects, probably of real value and virtue, which are rejected.

• (1640)

We have had discussions in this House during this debate on the general question of regional disparity. A hard and dispassionate look at the statistics—though it is difficult for me to be dispassionate—indicates that the gap is not narrowing. By many important economic indices it is broadening; getting worse. Yet we have a situation where practically the whole country is a designated area. I suppose this is part of the reason that when practically the whole of the generality becomes the special, there is nothing very special left, because almost everything becomes a designated area.

I was much interested in the intervention of my hon. and learned friend the Secretary of State for External Affairs (Mr. Sharp) who was euphoric almost to the point of excitement over this budget. He thought it was one of the greatest that had ever come along. On May 15, as reported at page 2259 of *Hansard*, he said:

> According to those who are in a position to judge, Canada has a record second to none throughout the world in recent years in terms of the expansion of the economy and the control of inflation.

So, mention was made of controlling inflation. Another modest outburst came a few paragraphs later when he said:

> In the last three or four years, we have achieved a record that is second to none in the history of this country.

He then designated the Minister of Industry, Trade and Commerce (Mr. Pepin) as having worked well abroad on behalf of Canadian industry, though earlier he had said that if Oscars were given out for economic performance Canada would have been one of the recipients. He might not have been so timid and suggested that we should have had them all. In other words, whatever proposals were made by the minister would not be designated, as were Swift's, as modest proposals.

I thought it interesting that the Secretary of State for External Affairs should intervene so strongly on behalf of his colleague the Minister of Finance. Then, I reflected upon it a bit and came to the conclusion that it was not so strange really because it is in fact in the external world that some of our great problems have arisen. Things are happening there that are injuring our domestic economy. One of the areas where I have quarreled consistently and differed continuously with the present government is with regard to their white paper projection of a foreign policy for Canadians. Hon. members will recall the following paragraph on "Foreign policy in essence":

> In undertaking this review the Government has been constantly reminded of its need and responsibility to choose carefully aims, objectives and priorities in sufficiently long and broad terms to ensure that essential Canadian interests and values are safeguarded in the world situation where rapid and even radical changes can be anticipated as normal rather than exceptional conditions. Canada, like other states, must act accordingly to how it perceives its aims and interest. External activities should be directly related to national policies pursued within Canada, and serve the same objectives. Diplomatic relations are maintained and strengthened for a wide variety of reasons—among others, trade expansion, collective security, cultural contact, co-operation in development assistance, exchanges in science and technology.
>
> Such relationships have to be kept under review to ensure that they continue to serve Canada's objectives effectively. Those may change as both Canada and the world change. In essence, foreign policy is the product of the Government's progressive definition and pursuit of national aims and interests in the international environment. It is the extension abroad of national policies.

I think it is not. I think foreign policy is much more than that. As a decent, responsible and well-endowed member of the international community, we should think of foreign policy as much more than an extension of our domestic situation.

Also raised in this debate is the opposite issue, the effect of external movements and non-movements on the domestic situation. External developments and decisions have affected, and affected unhelpfully, our domestic economy. I believe that this is one of the serious weaknesses affecting our economy today. When we do have a foreign policy debate I should like to discuss the "neo-Mackenzie Kingism" which pervades our foreign policy, but I am more concerned today at the statement made by the deputy minister of trade in Czechoslavakia that Canada could be

selling more goods there except for the fact that Canada itself is dragging its feet.

On May 3 a very interesting compilation of statistics by Statistics Canada was issued on March trade. According to a report in the Ottawa *Citizen* of that date:

> Exports during March this year totalled $1,501 billion, barely above the $1,498 billion figure for March, 1971, Statistics Canada reports.
>
> The slight increase was the result of increased exports to the U.S. and declines in exports to almost all other countries.
>
> Exports to the U.S. rose to $1,119 billion from $1,041 billion—
>
> The statistics indicated a trend to increased Canadian dependence on the U.S. market is continuing, despite federal government efforts to open up other foreign markets. Exports to Britain were $8.6 million for March, down from $90.9 million a year earlier.
>
> Other declines: Japan, down to $55.4 million from $75.8 million; West Germany, down to $17.6 million from $26.9 million; Norway, down to $18.3 million from $24.3 million; Italy, down to $14.9 million from $20.8 million; Australia, down to $12.7 million from $22.5 million; Venezuela, down to $8.7 million from $20.1 million; Belgium-Luxemburg, down to $5.9 million from $12.4 million; and India, down to $5.1 million from $9.7 million.

This is a dreary threnody of trade declines to the very kind of country to which our export trade should be booming. Exports of newsprint fell, as did exports of aluminum, copper and automobiles. Is this the kind of record, Mr. Speaker, that is second to none, with an increasing dependence upon the United States market and a continual slipping in other very important markets? Instead of patting ourselves on the back for how well we are doing, I think we should and must make vigorous efforts to stimulate trade all across the world today, and to diversify our trade.

I was amused—though I am sure this was not meant unkindly—by the denigration that the Secretary of State for External Affairs made of the former minister of trade and commerce in the government that I supported. This hon. gentleman was known as a great and aggressive promoter of Canadian trade, and he has been constantly needling and nagging the present government to expand our trade in the markets of the world. Why do we not have more trade offices if this is what is needed? Can we not negotiate with those on each side of the Iron Curtain for more trade offices? If we have to do a better job of selling our goods, then what is holding us back? This is part of this withdrawal syndrome. There are ten countries in the world that have full-fledged ambassadors and embassies in Ottawa to which we have yet to appoint any ambassador. We have not reciprocated the representation.

We have not even yet got around to appointing a High Commissioner to Barbados, a country of 200,000 people which for several years has had a three-member high commission in this city. We have not appointed an ambassador solely accredited to the European Common Market, and if there is any economy or political aggregation more important on today's horizon than that vast united Europe which is developing with the admission of the United Kingdom and other countries, I do not know what it would be. Is this government aware of what is taking place? As I say, Sir, we have not got around to doing what many other countries have done, appointing an ambassador in Brussels solely accredited to that vast and growing aggregation.

[Mr. Macquarrie.]

• (1650)

Let me read from a very modern and able economist, Dian Cohen, writing in the Toronto *Star* in respect of the admission of the United Kingdom to the European Common Market. She says:

> What is possibly more significant in the long run is that Canada is increasingly being left out in the cold by a world which is aligning itself into massive trading blocs. We are rapidly reaching the point where our only role in the world economy will be to react to external events.

Then, what will we tell the producers of Canada? Will we say then that they have never had it so good? We are in danger of being left out and losing our trade capacity with many of the countries forming the EEC, as well as others out of it. Should we not be concerned and troubled?

Many of my colleagues have dealt with our relations with the United States. Many have described how the government has blown an uncertain trumpet, lo these many months. Do the people of Canada know what is going to happen with the TAPS route? Do they really know what is going to happen about the Mackenzie route? Do they really know how much our government has studied either one of them, and do they really know how forthrightly, clearly and consistently our government has conveyed its views to the United States on either one of them? Is it too fearsome a prophecy to suggest that the people of Canada, if they do not watch out, will end up with both routes and have the invidious dangers to the environment from both of them, not just one? Are they given clear information on this?

Have the people of Canada been told where we stand and where we do not stand on the growing European community? Do they know what we are doing about the possibilities of trade with that area? Do they know what has been done about the market we once had with the United Kingdom? Has the government been alert to the dangers of a rapidly changing world economy?

An hon. Member: Yes.

Mr. Macquarrie: I am glad there is someone who is satisfied. Speaking of uncertain trumpets, I just heard one.

I would look at another area of great concern, and I see my colleague, the hon. member for South Shore (Mr. Crouse) is here. He is an expert in this field. What are we doing to protect the industry which today is probably in more deadly peril than any other, and that is the historic fishing industry? This is a prime industry of this country, and the situation is hurtful to the whole industry and hurtful to the whole of Canada. We have made great proclamations and talked about a 12-mile limit. No one gets in there; no Australian ships are allowed in there, and no Swiss ships are allowed in there. Of course, they do not come anyway, but those that do come have historic rights which they still hold. We have seemingly made no effort, diplomatically or otherwise, to oust those who are bringing depradation to the great resources of the sea off the east coast and off the west coast as well. In the face of the problem with the Danish government in reference to salmon, the Minister of the Environment (Mr. Davis) screwed up his courage and suggested a personal boycott,

but it was clearly ordained the day after that it was a mere personal boycott.

Have we successfully asserted our claims to fisheries management over the continental shelf? There are so many issues that cause thoughtful people great anxiety I am convinced that it is the mismanagement of things abroad which has been one of the large contributors to the ills of our economy at home. We are missing the boat in trade; we are withdrawing from those areas of world activity where we should be functioning at a high pitch with intensive involvement; we are failing to be vigorous in markets of the world and, as I documented a few minutes ago, we are losing markets which are precious and valuable to us. These are the kinds of things which must be considered not only in this debate, but which must be and will be considered by the Canadian people. It is that consideration and that kind of forecast of what conditions should be that is no doubt the reason we are still here and not out on the hustings testing the wind of public opinion on the economic mismanagement of this government.

Mr. Leonard Hopkins (Renfrew North-Nipissing East): Mr. Speaker, I deem it a privilege to participate in this debate at this particular point, following the speech we have just heard by the hon. member for Hillsborough (Mr. Macquarrie). To start off my speech this afternoon, I should like to give him an example of the great economic savings and advantages which are the record of his present leader, the Leader of the Opposition (Mr. Stanfield) in this House of Commons. Let me quote from a report of a meeting of the Standing Committee of this House of Commons on National Resources and Public Works when the Atomic Energy of Canada officials appeared before it a couple of weeks ago. At that time the chairman asked the following question of Mr. Gray, President of Atomic Energy of Canada, Limited:

As you know, we are purchasing heavy water from as many areas in the world as we can. Can you give us the names of those countries and the costs that we are paying per pound for that heavy water at the present time? By comparison, what would heavy water cost us if we were in a position to produce enough to service ourselves as a nation?

To this question Mr. Gray replied:

We have bought a lot from the United States at varying prices starting at $24 a pound, going to $28 a pound, going to $30 a pound, and they have just announced that the price is now $39 a pound. We bought some from Sweden at $31; we bought some from Russia at two prices, $30 and I think the last was around $32 a pound; and we bought some from Britain at $30 a pound. We have leased some from Argentina at a 7 per cent charge, which we have to send back.

Had Glace Bay—

This is the plant which was originated by the hon. Leader of the Opposition in this House when he was Premier of Nova Scotia. Quoting again:

Had Glace Bay produced heavy water, as it was supposed to do, we would be in a surplus position and would not have had to buy any of this expensive heavy water. This runs into quite a few millions because their contract price started at $20.50 a pound and dropped down to $16 a pound, for an average of $18.15. That is the same number for the Canadian General Electric existing contract. At the moment we have been buying their production at $20.50 a pound. So you can see that there is a big mark-up between $20 and the new price of $39. I suppose we have averaged $30 a pound over all this production, which is something like 1,600 tons. We have paid at least $10 more a pound, which comes to around $30 million extra.

• (1700)

Is this the type of economy or the kind of economic measures the opposition in this House of Commons would offer to the Canadian people at a time when this government has the best record in many fields of any nation in the western world today?

Let us start looking at some of the positive things in life. We live in a nation which has the greatest potential. I believe the hon. member for Sault Ste. Marie (Mr. Murphy) was correct when he asked whether, because with all the faults at our own doorstep, we ever compared our economy and problems with those of other nations in the world. I have asked this question in this House before, and I ask it again. Who would exchange his way of life in Canada today for that of a person in any other nation in the world? Let us stand up, be counted, and go ahead with a positive attitude for the development of this country. I say on behalf of all members of this House of Commons if some of the backbenchers in this House of Commons were listened to once in a while, those who have firsthand knowledge of their constituencies, and if their recommendations were taken to heart and proper measures followed, we would not have some of the problems which exist today at all levels of government.

I shall give a positive example of this. I do not pretend to be a prophet, but on October 22, 1970 in a speech in this House of Commons as recorded at page 475 of *Hansard* I stated the following:

I want to say a few words about transportation. It is my view that equitable freight rates and good roads are important in developing the Canadian economy, as are our very worth-while policies of regional economic expansion.

I wish to say at this stage that I am not a critic of the Department of Regional Economic Expansion. I remember the days in 1962 when there were nearly 3,000 people in the unemployment rolls in the city of Pembroke at a time when members of the official opposition were in power. Not one single effort was made to alleviate the unemployment situation in that area at that time. I give the Minister of Regional Economic Expansion (Mr. Marchand) full marks for at least having the gumption and intestinal fortitude to stand up, be counted, and produce a program whether or not he may be criticized for the administration of it. It is only the doers in this world who are criticized and not the armchair critics.

In that same speech of October 22, 1970, I also stated:

We in the Ottawa valley have always been plagued with unsatisfactory road conditions. If there is one thing we badly need, it is a good highway artery.

Let me give the House a good example of what I mean. The bridge in the centre of the town of Petawawa that spans the Petawawa River was built before the first troops moved into Base Petawawa in 1907. Today, it is called upon to handle all the traffic moving into Base Petawawa from various parts of the country, as well as traffic destined for Chalk River. Invariably there is a big traffic jam right in the middle of the town of Petawawa during the rush hour, and it is nothing for cars to be lined up for three miles. One morning about two weeks ago the nuclear laboratories at Chalk River lost $2,000 in wages which the Crown Corporation had to absorb because employees were late through no fault of their own. Renfrew County Council has brought this problem to the attention of the Minister of Highways of Ontario. It sent a

resolution to the Minister of Highways of Ontario requesting the early completion of the proposed highway 417. The hon. member for Lanark-Renfew-Carleton (Mr. McBride) and myself were asked to support this brief, and we did so.

In reply to my letter to the Minister of Highways, the Hon. George E. Gomme, I was informed that roads were not the only problems in eastern Ontario, and that if we had really wanted to admit it, another problem was lack of economic development policies. He suggested that if the hon. member for Lanark-Renfrew-Carleton and myself had succeeded in getting the area designated, this would have gone a long way toward solving our problems. In other words, the minister was trying to pass the buck to us. Let me tell the Hon. George Gomme that the hon. members for Lanark-Renfrew-Carleton and Renfrew North have now done their homework and we are looking for him to do his.

I delivered that speech shortly after the hon. member for Lanark-Renfrew-Carleton and I had succeeded, through speeches in this House, and through talking to party officials, in convincing our ministers in this House of Commons that the Ottawa River valley is very important, very much like parts of the Maritimes. It is also very closely related to the Maritimes. A number of us who have relatives in these areas travel back and forth. We were able to convince the ministers concerned that this area required economic policies. The Minister of Regional Economic Expansion saw fit to declare our area a special area under regional economic expansion. We have reaped some benefits from that program.

Let me tell you, however, what has happened since then with regard to Mr. Gomme's statement to me that another problem must be met which was related to economic development. I stated we had done our homework on this subject. Mr. Gomme, as Minister of Highways and his successor, the new Minister of Transportation and Communications, as late as January 28, 1972 advised the then Minister of National Defence that no second bridge was required across the Petawawa River because a start was to be made on highway 417. Shortly after that, an announcement was made that construction would start in 1973. Originally, the starting date was 1975. I can only say that in 1869 the Canadian government bought the Hudson's Bay Company land in western Canada in order to build a railway across this nation. Without the technological knowledge we have in this modern age, the Canadian engineers of that day built the Canadian Pacific Railway across this nation and had it completed by 1885. We have such a progressive Department of Highways, Transportation and Communications in Ontario today that it takes several years to build a very important bridge across the Petawawa River.

• (1710)

At midnight of May 6, the present bridge collapsed, the very bridge about which I spoke in this House two years ago. At that time, I wrote a letter of complaint to the highways minister of the province of Ontario and received an arrogant answer from him. When the bridge collapsed, several families were stranded on the north side, the site of the Canadian forces base, Petawawa. In order to get the military personnel to assist the civilian authorities, the request must come from the province concerned. I made six or seven telephone calls to Queens Park, Toronto, to try to locate a provincial minister, but I could not even get an answer from the switchboard at Queens Park, Toronto. I even made a phone call to Ottawa to try to locate a provincial minister. Is this the kind of progressive government that this great new Colgate premier of the province of Ontario is giving us today?

On Sunday, May 7 I sent a telex to the premier of Ontario requesting that a state of crisis be declared and that emergency measures be taken to assist in dealing with this problem because about 4,000 employees cross the bridge daily to and from work. My telex was backed by one from the warden of Renfrew County who is head of some 40 reeves across the county. It was also backed by a telex from the mayor of the city of Pembroke, one from the mayor of the town of Deep River and one from the reeves of Petawawa township and the village of Petawawa in which the military base is located. As of today, May 23, the premier of the province has not even had the courtesy to acknowledge a single one of those telexes from the elected officials in the area. I do not care what the premier of the province thinks of me as a person, but I respect his office and I expect him to respect what I represent, even if he cannot respect me personally. I also expect him to respect the office of the warden of Renfrew County, of the mayor of the city of Pembroke and the mayor of the town of Deep River. That is the least we can expect.

The old ball game has started once again. People have started asking, for what are we paying the Canadian armed forces? The bridge collapsed 450 feet away from the gateway to the second largest military base in Canada. First of all, let me point out that this bridge is part of a provincial highway and it is not the responsibility of the Department of National Defence in any way. They cannot take action until they are requested to do so by the province of Ontario which must take full legal responsibility for any action taken after the collapse of the bridge. The armed forces did not receive a request from the province of Ontario until the Friday following the collapse. Finally, the engineers checked the site toward the end of the week. The approaches to the river banks were built by the province, the abutments were put in by the province and the province took full legal responsibility for that action. I want to pay a compliment to the Canadian armed forces because General Quinn, commanding officer at base Petawawa, his staff and his military personnel have cooperated fully, and had it not been for them I do not know what we would have done. They followed the correct procedures.

Yesterday, 150 engineers from the Royal Canadian armed forces were on duty all day constructing a Bailey bridge. They started at eight this morning and at four p.m. they had 70 feet of the 260 foot span built. This shows the expertise of our armed forces, and it shows what they can do when they are asked to do it.

Some hon. Members: Hear, hear!

Mr. Hopkins: I do not want to hear it said that our armed forces today are not a professional group.

In the time that I have left, I should like to make a few remarks about an interprovincial national park that will make a great contribution towards achieving greater unity in this nation. We in the northern part of my constituency, in the area to the north of the Mattawa River and

on the Quebec side of the Ottawa River in the county of Témiscamingue, are working closely together to create the first interprovincial national park in Canada which would include areas on both sides of the Ottawa River. We are doing this not only as an example of unity between the two major provinces in central Canada, but because we know that people from all the urban areas of southern Canada, from Ontario, Quebec and the other provinces, will go into the national park when it is finished, will be travelling and talking together and thus will get to know one another.

The right hon. member for Prince Albert (Mr. Diefenbaker) is a great admirer of Sir John A. Macdonald. I, too, have read a great deal about him. He was a great asset to this country because of his flexibility in the early days of Canadian history. You will all remember that in 1864 he made his famous speech in Charlottetown in which he said—and I will not quote his exact words—that if you fellows and we fellows could get together once in a while and talk things over, we would learn what a wonderful person each one of us is. We want people from all areas of Quebec, as well as ethnic groups, to come to that interprovincial national park because they will share common interests. We want them to socialize in the restaurants and recreation complexes that will surround the national park and to get to know each other.

This will do far more for the unity of the nation than the political confrontations and the uprisings and disturbances that have taken place lately. We have to take positive steps toward this goal. It was with that thought in mind that I introduced two private members bills for first reading in the House a few days ago. It was rather interesting to hear the comments that have been made following the introduction of the bills. First of all, I am sick and tired of seeing the symbols of various countries abused, specifically the flags representing those nations. I recommend in these bills, and I will recommend on any platform, that the tearing down, the burning and the desecrating of the Canadian or of provincial flags be made a criminal offence, and I recommend the same thing with regard to the flag of any foreign nation lawfully represented in Canada.

I would like to recount an anecdote which appeared in the Canadian Press. I refer to an article in the *Globe and Mail* of May 2 which reads as follows:

• (1720)

Under two private bills introduced in the Commons yesterday it would be illegal to deface the official flags of Canada and even the U.S. Stars and Stripes or China's Red Flag.

The bills, introduced by Leonard Hopkins (L, Renfrew North) would make it an offence to harm the flags of Canada or the provinces and of those countries whose governments "are legally represented in Canada."

Anybody who "destroys, disfigures, mutilates, defaces, defiles, desecrates or casts contempt upon the Canadian or provincial (or the prescribed foreign) flags is guilty of an offence punishable on summary conviction," the act says.

I hope, Mr. Speaker, that it does become an act. There is an interesting anecdote to this. You know that we have some famous open line programs on our radio stations. It is amazing to hear the intelligent remarks made on some of these programs. I understand that one interesting commentator on a Kingston radio station picked up my bills and started a great discussion about who is this guy running around protecting communist flags? What is he doing all this for? Apparently I was the subject of heated debate in the whole Kingston area. Mr. Speaker, I appreciate this kind of publicity. There are some politicians who say that publicity is good for you, whether it is bad or good. I do not entirely agree with the former, but in any case this gives me a chance to speak on the Kingston radio station in an area where I am partially known, being a graduate of Queen's University, one of the fine old institutions in this country. I will be very interested to meet this intelligent commentator. Having taught school for 12½ years and having handled every grade from one to 13, I am not sure in which category this commentator falls. However, it will be interesting for me to make a clarifying statement when I am there, and I shall quote from my bills with great delight.

In all sincerity, Mr. Speaker, I would like to have from this House, and particularly from the front benches of my own party, the strongest possible support for the interprovincial national park that we are trying to create between Timiskaming and that great district of Nipissing. This is part of the area that was represented by the hon. member for Nipissing (Mr. Legault) before he gave it over to me, and what a lovely gift it was! While I am on this subject, Mr. Speaker, on a personal level may I say that it has been a great pleasure indeed to have such a fine gentleman and co-operative colleague to the north of me. He will be retiring from parliament at the end of this session, and I wish him every success in all his endeavours thereafter.

Some hon. Members: Hear, hear!

Mr. Hopkins: The Ottawa River, Mr. Speaker, will run right through the middle of our proposed national park. I am sure the hon. member for Pontiac (Mr. Lefebvre), in view of the experience he has had in this regard during the last few days, will agree with me when I say that according to statistics 3 per cent of the logs that have been floated down the Ottawa River and its tributaries over the last 125 years are still lying in the Ottawa River. Statistics also indicate that an average of 5 per cent of the logs floated down these rivers by lumbering companies during the past ten years are still at the bottom of the Ottawa River. I received representations from groups who were interested in cleaning up the Ottawa river. A pilot project was launched last summer and one group formed a company. They took out a couple of thousand of these logs. Some were 50 years old, and they piled them up on the shores.

Shortly thereafter they were moved to a sawmill and the lumber products and by-products produced were of a high calibre and quite merchantable. This group has been offered, free of charge, all the logs lying in the Ottawa River owned by the companies that floated them down the Ottawa and its tributaries over the years. This group is now the Upper Ottawa Improvement Company, and it is made up of all the companies that have ever driven logs on the Ottawa River. To give credit to the Ontario government, Mr. Speaker, it has cancelled the timber dues that would normally be payable on delivery of these logs. Here we have the Upper Ottawa Improvement Company, made up of all these other companies, willing to donate all these logs lying between Ottawa and Lake Timiskaming. The

company has the expertise to do the job. It could employ 200 men. It could feed sawmills on both the Quebec and Ontario sides of the river and create employment. We have many people who are capable of undertaking this type of employment because logging has been a long time tradition in the Ottawa Valley. However, it costs more than $4 per log to put each log out on the river shore.

We have gone to several government agencies but cannot find support for this program. Mr. Speaker, I chaired the committee which passed the Canada Water Act three years ago, and the Ottawa is one of the river basins that will come under the regulations issued pursuant to that act. The Canada Water Act says that the polluter must pay, but how are you going to make the polluter pay if he went out of business 30, 40 or 50 years ago? This is a new field of operations today. I am using the Ottawa River as an example. I am sure there are many other rivers across the country from which logs could be salvaged and which could form part of a good solid program of conservation. I strongly recommend to the government that this be undertaken, either as a manpower training program or that funds be provided through the Department of the Environment to assist companies like this to clean up waterways and help promote tourism. Many of the outlying areas of Canada are not likely to get steel mills, tire plants or other sophisticated industries.

We have two major industries to offer. One is forest products, which we want to protect, and the other is tourism. We want to make our area as inviting as possible to all the citizens of Canada, the United States, and everywhere else throughout the world. If we are given the money to do the job, we will do it. I strongly plead with the cabinet to provide funds to start this program off either through Manpower, Finance, or the Department of the Environment.

[*Translation*]

PROCEEDINGS ON ADJOURNMENT MOTION

SUBJECT MATTER OF QUESTIONS TO BE DEBATED

The Acting Speaker (Mr. Boulanger): Pursuant to Standing Order 40, I have to inform the House that the questions to be raised tonight at the time of adjournment are as follows:

[*English*]

The hon. member for Selkirk (Mr. Rowland)—Unemployment Insurance; the hon. member for Hillsborough (Mr. Macquarrie)—Human Sciences; the hon. member for Assiniboia (Mr. Knight)—Grain.

[Mr. Hopkins.]

GOVERNMENT ORDERS

THE BUDGET

FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

The House resumed consideration of the motion of Hon. John N. Turner (Minister of Finance), that this House approves in general the budgetary policy of the government, and the amendment thereto of Mr. Lambert (Edmonton West), (page 2178).

Hon. Paul Hellyer (Trinity): First of all, Mr. Speaker, I would like to congratulate the Minister of Finance (Mr. Turner) on his new portfolio and his first budget. I think he deserves credit for the workmanlike way in which he has approached his task. The good news that unemployment declined a bit this month, encouraging though it is, has been off-set by a further increase in prices. And the worst is yet to come. Recent wage settlements have reached new levels and signal even greater price increases in the months ahead.

It is not surprising, therefore, that a recent nation-wide poll aired on the CTV network program "W5" showed inflation as the problem uppermost in people's minds, with unemployment a close second. The country remains in the depths of economic crisis. Is it any wonder, under these circumstances, that there is so much unrest, alienation and a growing trend toward anarchy?

• (1730)

One thing is becoming increasingly clear—four more years of "London School" economics and Canada will split down the middle; Quebec will separate. The social unrest in that province has a largely economic base. There is a very high level of unemployment. Prices are rising. The level of taxation there, as in other parts of Canada, is excessive. Home ownership is becoming a rich man's dream. And wages in many cases, including segments of the public service, are well below $100 a week. People with family responsibilities cannot exist at that rate. The headline in one Montreal newspaper recently underlined the extent of the unrest when it said that Quebec lags in the national economic and employment upswing. It said that notwithstanding the impetus in employment of the last month, Quebec did not share proportionately in even that tiny improvement which took place.

Is it any wonder that there is so much labour unrest? Of course, the present struggle has an ideological tint. Some of the most powerful labour leaders have openly declared their opposition to our private enterprise system. They want to overturn it completely and replace it with their own ill-defined brand of socialism. But they are still a very small minority. The great majority of the workers they represent do not share their philosophy. But in a climate of unemployment, inflation, high taxes and inadequate wages, passions are easily aroused; mob reactions are easy to excite.

To cool the present unrest, some pretty dramatic economic improvement is called for. The federal budget was a small step in the right direction, but totally inadequate to cope with the size of the problem. Tax cuts for manufacturing industry will spur development and assist in

offsetting the United States DISC program. Minute adjustments in old age pensions will help but in no way compensate our senior citizens for their substantial loss of purchasing power caused by years of inflation.

On the other hand, the decision to let personal income taxes rise 3 per cent to their former unreasonable levels at the year end is a step backward. Manufacturers are not going to expand their capacity unless ordinary people have enough money, after taxes, to buy the additional output. Instead of an increase in personal income taxes, a further cut for low and medium income earners is urgently required both as an economic stimulus and in the name of justice. Failure to disclose this decision to allow personel income taxes to rise at the end of the year was an error in judgment on the minister's part. It raises question marks in the mind.

Another omission of serious proportions was the government's failure to "come clean" and estimate the likely shortfall in the unemployment insurance fund which will have to be made up as a budgetary item. One local accountant of repute estimated that the shortfall would be between $400 million and $500 million, or even higher. If provision had been made for this estimated shortfall, the anticipated budgetary deficit would be double that announced by the minister; in other words, his estimate could be as much as 100 per cent in error. If this kind of falsification were inflicted on an unsuspecting public by a private corporation, the Minister of Consumer and Corporate Affairs (Mr. Andras) would cry "Foul" and probably lay charges. Yet the federal government sets the example with impunity.

Most important of all, the budget provided no measures designed to control inflation. The government has gone from one extreme to the other. In 1969-70, inflation was uppermost in their minds and was to be controlled even at the expense of higher unemployment. Now the government says its number one priority is jobs and although lip service paid to the concept of modest price increases, in reality, through its inaction, the government shows that it does not give a hoot about rising prices.

If the government really cared about inflation it would have introduced some form of incomes policy with teeth in it. By one means or another, wages and profits have to be controlled where monopoly power exists. The wage-price spiral must be stopped. Sanity must be restored. The government's abortive voluntary guidelines approach was doomed from the start. A much more realistic approach must be taken if the economy is to be brought under control. Action Canada believes that very simple controls of monopoly power would allow us to pursue the twin goals of full employment and zero inflation. This would be the foundation for an enhanced quality of life.

The classic approach to combines and monopoly power has been anti-combines legislation, but this approach has been almost totally ineffective. The reason, of course, is that oligopolies seldom make formal agreements to set prices. The matter is usually decided around the luncheon table, no records are kept and no evidence exists which would stand up in a court of law. The classic approach has not worked and does not work. And labour unions are not subject to anti-combines legislations at all, so their monopoly power is totally uncontrolled.

There is no alternative to mandatory price and wage guidelines if we are to pursue vigorously and effectively the twin goals of full employment and stable prices at the same time. There are the demands of the consumer. If there is any other solution, I have not heard of it. Monopoly power, no matter what it is called, has to be restrained. Abuse of power by a privileged minority does violence to the principles of a free society.

Someone has referred to the frightening prospects of wage and price controls. A grim picture is painted of a bureaucratic morass similar to that imposed in wartime. Mention was made of ration cards, etc. This comparison of the present situation with that existing in wartime is really quite irresponsible. In wartime there was a physical shortage of goods and services of all kinds. Rationing was essential. In wartime the inflationary pressures were caused by too much money chasing too few goods. It is in these circumstances that black marketeering develops.

Today there is no physical shortage of goods or services of almost any kind, with the possible exception of housing. Today there is an excess of products and not enough money to buy them in the hands of people who need them most. Today rising prices are caused by rising costs. To compare the present situation with the wartime situation is so unbelievably absurd that one wonders why any intelligent person would do so. A red herring of that kind hides the real world and adds nothing to rational debate; it only adds to the depth of confusion.

Wage and price guidelines are not comparable to the bureaucratic controls of wartime. Bureaucrats should not set individual prices. Bureaucrats should not set individual wages. They are not competent to do that; no one knows it better than I do. The kind of price guidelines I suggest would merely limit profits to a certain level of return on capital invested, or in some cases on sales, equal to the long-term experience. Companies would set their own individual prices as they always have in peacetime. Wage increases, where contracts exist, would be limited to the average increase in real output per person in the labour force. Individual wages would be negotiated between management and labour, as they are now, but the total settlement could not exceed the guidelines. In this way union monopoly power would be subject to the public interest and price stability would be possible. Most important of all, this would permit the continuous pursuit of full employment policies.

The pursuit of full employment policies is critically important. The present high level of unemployment is self-destructive and is undermining our society. It has had disastrous consequences for thousands of individual Canadians. I speak with feeling on this matter, Mr. Speaker, because the people of my riding, Trinity, are directly affected. They are people with incomes below the national average. They are people who work with their hands. They work in construction and in factories; they are needle workers and office workers. They are people who are directly and immediately affected by any downturn in our economy. Many of them have lost their jobs and their capital goods as a result. Many of them have cashed in their insurance policies and used the proceeds to meet current requirements. I know of one family which had to give up a house after having made mortgage payments for

20 years. It is this kind of distress which cannot be taken lightly. It might be different if it were necessary, but in a country like Canada it is completely unnecessary and for that reason some of us feel impelled to speak out loudly on behalf of these people.

Reducing the present totally unacceptable level of 6 per cent unemployment to, let us say, 3 per cent, which would merely represent those persons changing jobs, would require a fantastic increase in capital investment. At the rate of $25,000 capital investment per person it would require an additional $7.5 billion to provide jobs for 300,000 people. When I use the figure of $25,000 capital investment per person, I am reminded by my economist friends that that figure is much too low; they suggest a more realistic figure would be $50,000 per person. If one is to use the figure of $50,000 per person, the amount required would be $15 billion.

• (1740)

The government has failed to realize the magnitude of the job. Its relief to industry will help provide jobs for new people entering the labour force, but no provision has been made for the investment required to do more than nibble at the backlog. That fact has been underlined by the figures I have quoted. The backlog of capital investment required in order to bring unemployment down from 6 per cent to about half that figure, which might be considered satisfactory in this country, would be somewhere between $7.5 billion and $15 billion over and above that which normally would be required to provide for new entrants to the labour force.

It is perfectly obvious that if the Canadian economy is to survive and prosper, monopoly power must be effectively curbed in the public interest. The size of the political vacuum in Canada today can be measured by the fact that none of the existing parties is willing to undertake this difficult, thankless but essential task. If Action Canada's policy is put into effect, we will then be in a position to solve a whole series of related problems.

At the present time we are underproducing by $3 billion to $5 billion dollars a year in real terms. This is due to the unemployment of men and underemployment of machines. If we went to the full employment solution we would have an extra $3 billion to $5 billion of resources annually, over and above normal growth, to use for the elimination of poverty, the elimination of slums, the construction of urban transportation systems, the provision of adequate housing, the control of pollution and the development of Canadian industries and resources by Canadians. That is a tremendous amount of resources and would finance many homes at $25,000 each, the rehabilitation of many old houses at $5,000 to $6,000, the construction of sewage disposal systems, of garbage recycling systems, the supplementing of incomes at the low end of the scale and for more adequate supplements for old age pensioners, and the provision of meaningful employment for young people.

In summation, the government has failed to level with the Canadian people. The government has failed to take steps adequate to cope with the present level of unemployment. It has done nothing to relieve the tax burden on the lower and middle income groups. It has provided inadequate relief for our senior citizens and, finally, the government has stubbornly refused to take the action necessary to curb the abuse of monopoly power by big unions and big business in order to restore price stability and protect the weak and unorganized. For these reasons, Mr. Speaker, the government deserves the censure of this House.

[Mr. Hellyer.]

Some hon. Members: Hear, hear!

Mr. Gordon Ritchie (Dauphin): Mr. Speaker, because the first part of this budget, old age security, the guaranteed supplement legislation and the war veterans pension legislation has already been debated, there is no need to discuss these problems further except to say that the government has moved from its position of making the old age pension static at $85 back to some degree of universality for all Canadians regardless of their economic status. The move of the government a year ago to freeze the old age pension at $80 and gradually phase it out and relate it to the income of the individual has been thwarted, at least for the time being.

I now come to what the budget is doing for business and the economy of the country, that segment which sustains the welfare of Canadians. In this respect the government has been woefully inadequate. Its moves will not help this country to surmount its problems in unemployment and its relations with the outside world, particularly the United States. The stepping down of Mr. Connally, the tough-minded individual who made a start on realigning the policy of the United States both financial and trade, indicates that we are at the end of an era. The regime of Mr. Connally indicates that as a dominant western nation the United States has had to make moves in the interest of that country to strengthen and turn around the balance of payments of the American economy.

The United States has served notice that we cannot expect further favoured nation agreements with the inauguration of the inquiry into Michelin tire exports, the alleged dumping of aluminum into the United States, the controversy over the Canada-United States auto pact and its implication that we are getting the best deal. They have served notice that our manufactured goods are facing increased surveillance protectionism in the United States market.

Similarly, the strong American protectionist sentiment established the union espousal of the Burke-Hartke law in the United States with their proposal that the present American economic structure exports jobs from the United States. We can make no mistake about that. This refers to the export of jobs to Canada in branch plants, and so on, and the American unions have indicated their support for any move to prevent this.

What are the main problems facing Canadians in the immediate future? It is quite obvious that unemployment is of vital and immediate concern. Consequently, what will be our industrial and commercial strategy to provide jobs on a strong growth basis for the years ahead? The unemployment level is far too high, with over 600,000 persons being classified as unemployed. However, much of this unemployment can be ascribed to the high birth rate of the fifties. With a drop from the birth rate of the fifties and indications of a continuing drop, we are now witnessing a drop in the labour force. This will become

progressive and in another five years or so there should be no need to create jobs in large amounts.

The jobs needed should be generated by a modest growth of the economy. The government's strategy of tax cuts to manufacturing and processing firms will not be of much value. I object to treating various sectors of the economy in a wildly different fashion. That is what this cut for manufacturing and processing does. There is a strong case for leaving the allocation of resources to the normal competitive processes of the market rather than using crude and non-reliable tax concessions. These introduce a new sense of distortion into the functioning of the marketing system and substitute therefor the judgment of the Minister of Finance as to what types of tax relief make for growth in our competitive system.

This policy will create more disparities in the various regions of the country and will benefit areas which are now considered largely aggressive. It does not do anything for the western grain industry which exports well over 10 per cent of our total export earnings into world markets other than the United States. This tax concession to manufacturers and processors will not in any way help the agricultural industry. I cannot even see where meat processing plants will benefit. There is no obvious reason why the manufacturing sector of our economy should be favoured. It is a myth that only the manufacturing sector creates jobs. Studies have shown that most of our manufacturers have to find a market in the United States and, seemingly, this area will be increasingly closed in the immediate future.

If the government is interested in creating jobs, it is going about it in the wrong way. All economics show overwhelmingly that the service area is the biggest producer of jobs in an immediate way. If it is necessary to counteract the DISC program, it would have been more appropriate to have a similar plan in Canada to encourage exports. The cut in corporation tax for manufacturing and processing firms will benefit companies which receive high profits in the short-run and will do nothing for companies that are getting started or are not in a profitable position. Indeed, it is estimated that substantial savings will end up in the United States treasury due to the fact that many profitable manufacturing firms are American owned.

Erratic variations in tax rates do little, even if they are favourable or result in a lower tax rate. A budget was brought down in June, 1971. This was followed by the 7 per cent temporary tax reduction last October. The tax reform legislation passed last December attempted to set out tax schedules for the ensuing three years. Now we have another haphazard change with the 9 per cent tax cut for manufacturers and processors.

• (1750)

Then there is the added uncertainty of defining what is manufacturing and processing and what is not. It could be months before these will be defined by the tax department. This makes it impossible to plan ahead intelligently. Large industrial organizations need to plan at least three years in advance, so long-term plans must be passed upon something more than the whim of the Minister of Finance. Frequent changes in tax rates are counterproductive. All people recognize that uncertainty about expectations inhibits investment. Businessmen do not know what to do because they cannot anticipate which parts of the economy will be supported or what will be the duration of the assistance.

Mr. Speaker, the budget implies that investment can better be stimulated by tax reductions to corporations than by across the board tax cuts. Our main deficiency today is still consumer demand; only when consumption catches up with investment in a significant range of industries will more stimulus be needed. The tax reductions for corporations will call forth little additions in investment. There is still plenty of unused plant utilization available for expansion.

At the same time, personal income taxes are going up as a result of the expiration of the temporary tax reduction. Over the past 20 years the Canadian government has become increasingly dependent on personal income tax as a source of revenue. The increase in direct taxes upon individuals over the past 15 years is almost twice as great as the increase in direct taxes upon corporations during the same period. An across the board tax cut in income tax at least for those below the $20,000 bracket would have the effect of increasing consumer demand, which we need immediately, and of contributing to savings, the ultimate source of investment and growth.

There is one area in which the Minister of Finance can quickly and easily increase economic growth and provide immediate jobs. He can clarify the investment provisions as they affect small companies in the sphere of ineligible investment income. An analysis of the affairs of small companies is showing that the relevant provision in the tax bill just passed is having a most damaging effect on the formation of new, small companies created by the investment and savings of other small companies. In its attempt to close the loophole of using the small company as a tax avoidance area, the government has drastically slowed up enterprise in this area. New, small companies quickly create jobs as compared to larger companies which require a longer period of planning. They are particularly important to areas of this country away from the large cities where pools of capital have been concentrated.

The accelerated write-off and the provisions of the budget expanding capital cost allowances for machinery are a simple recognition that taxation policies have been changed to respond to corporate wishes. This type of program will be utilized as a gimmick by many companies to derive maximum tax benefits. These changes will not have much impact on our high unemployment rate because they cannot be implemented by many corporations on short notice. These capital cost allowances permit the deferment of taxes which could result in increasing the cash flow. In subsequent years these same corporations will have written off many of their assets and therefore could be short of funds to pay their taxes. This happened in the late 1960s following the previous period of accelerated depreciation.

Constantly introducing tax changes will have only a temporary effect on our economy. Our economic difficulties have their origin in the Benson, Basford and Bryce proposal which flocked out of Ottawa and have been aggravated by the level of the Canadian dollar which is in

turn the result of improper fiscal and monetary policies. It appears the Liberals have been converted to Social Credit theory in vain efforts to bring down the exchange value of the Canadian dollar. There have been astounding increases in the money supply.

Over the last two years the annual increase has been close to 18 per cent. Increases in money supply of this magnitude have fueled inflation but have had little apparent effect on the Canadian dollar which continues to creep higher. Also, over the past two months the Bank of Canada has used more than $200 million to buy U.S. dollars and thereby restrain the level of the Canadian dollar. Certainly $200 million could be more advantageously spent.

What is needed now is gradual, expanded stimulus; in other words, lower taxes in all categories. Good fiscal policy should be implemented to effect real demand in all sectors of the economy, including exports. The Trudeau cabinet continues to try to substitute its adjustments for those of the marketplace.

Elaborate variations in the treatment of a particular segment of the economy, the manufacturing and processing group, illustrate the administration's bias but little else. Frequent shifts in taxation rates, four changes within one year, create so much uncertainty that investment decisions will not be made. Tax cuts for corporations ignore the common sense view that investment is not going to increase while excess capacity abounds. The shift and emphasis to give more weight to personal income tax was illustrated by the effective increase in personal income taxes which will become payable next year and, as well, corporations which do not fall into the manufacturing category will find their rates go up by 7½ per cent on the first of next year.

The economy is suffering from too much pushing and prodding. Broad tax cuts would bring down the external value of the Canadian dollar and we could be sure that savings eventually would be channelled into spending and investment, perhaps even into plant expansion if necessary. If secondary manufacturing needs help, surely it could be provided in much better ways. Encouragement of export activities is one area in which government could do something. Trade bloc agreements would be of great benefit to the Canadian export industry. We should allow our economy to function and do the things that it does best.

The preferred treatment to manufacturing given by this budget would seem to indicate that the government is embarking upon a so-called industrial policy on the basis that manufacturing is the area which needs help. There is serious doubt in the minds of many people that manufacturing will provide the entry into world markets which Canada's industrial machine is seeking. In a report of the Science Council of Canada published in October, 1971, and entitled "Innovation of a Cold Climate", there are some very interesting statistics. They show that between 1961 and 1967 manufacturing employment increased by 25 per cent. In 1968 this growth faltered and has remained static since. This is not because of lack of technologists because Canada has been graduating these people by the thousand.

[Mr. Ritchie.]

The decline in this area has been in part brought about by technology itself being able to supply the same volume of goods with fewer employees. It is significant that in Canada it is precisely those industries from which most was expected in employment, tax revenue and consumer benefits which are now in difficulty.

At six o'clock the House took recess.

AFTER RECESS

The House resumed at 8 p.m.

Mr. Ritchie: Mr. Speaker, at six o'clock I was quoting some statements made by the Science Council of Canada on the difficulties that manufacturing is now experiencing in Canada. They said it is significant that in Canada it is precisely those industries from which most was to be expected by way of employment, tax revenue and consumer benefits that are now in difficulty. No new manufacturing industries are in sight, and low technology industries simply cannot shoulder alone the responsibility of meeting our expectations of a better standard of living. The adoption of appropriate over-all monetary and fiscal policies will take the country back toward a satisfactory rate of economic growth. What is needed is to eliminate the elements in the tax system which inhibit growth and promote inefficiency.

The budget takes no cognizance of the increasing change in the approach of youth to the work ethic. Youth is questioning the goals and values of education and the effort involved is seeking a diploma. We have always had this, but it is on the increase in today's society. An increasing number of student dropouts are coming from all sections of the economy and a growing number of young people are opting for non-employment. It is becoming increasingly feasible to live on part-time wages, a situation fostered by a relatively affluent welfare system and an unemployment insurance scheme which in effect is a modification of a guaranteed income.

It seems likely that a growing number of tomorrow's employees will not have the same ideas and aspirations of those of today. Economic, social and political structures will have to be prepared to accommodate these changing attitudes in planning modifications to job content. It is to be kept in mind that employment is becoming increasingly concentrated in the service sector. All this indicates that society is questioning traditional values. The failure of the budget to continue the service aspect of our society must be looked upon as one of the detrimental features of this budget.

I wish to turn for a moment to the foreign investment proposals put forward by the government. In Canada's case, foreign investment is synonymous with United States investment which is the investment we fear. It seems ironic that at this time the aims of the DISC program in the United States, which is causing such consternation in Canada, are the same as those of the proposed foreign takeover committee proposed by the cabinet. Both are designed to keep United States investment at home, and this will provide jobs for Americans.

If United States investment can be an instrument of domination, it is also the principal vehicle of technological change. It introduces manufacturing processes as well as new management techniques. It forces our manufacturers to rationalize and modernize, something they would not accept without competition. If we continue to permit outside investments or takeover, we will share in the profits that foreign investors make. Obviously these profits, spread throughout the economy, raise the general standard of living.

• (2010)

We could curtail takeovers by foreign companies, but they would merely establish or enlarge branch plants here with adverse effects on domestic companies. If we turn foreign investment away, these funds will go to other countries. On the other hand, foreign investment does impose limitations on national development in addition to the limitations inherent in the whole process of industrial activity.

For those of us in western Canada, the keeping out of foreign investment would mean replacement by eastern financial interests because of the need in western Canada for investment capital. The possibility of legislating against foreign investment, just as our present efforts to control it, would be negated because eastern capital would be in a position to force Ottawa to impose conditions in its own interests. The best thing to do about foreign investment is concentrate on everything possible to encourage industrial dynamism which will attract the entrepreneur of our society. Experience shows that the entrepreneur of new processes has a greater advantage over his rival and innovation is the major source of profit. We need to attract this talent.

The portion of this budget which deals with the economy of the nation is not conducive to steady and sustained growth. It will not provide jobs immediately, nor will it make provision for future years when our job needs will be less.

Hon. H. A. Olson (Minister of Agriculture): Mr. Speaker, I should like to join members on all sides of the House who have expressed appreciation for the improvement to our economy which has allowed us to take on additional responsibility such as increases to old age security benefits, guaranteed annual income benefits, increases in veterans' pensions, and so on. We on this side of the House particularly, but perhaps members on all sides, can take deep satisfaction from the fact that the Canadian economy has moved forward to the point that even though we did have the most generous pension scheme of any in the world in these categories, we are now in a position to improve that scheme even further.

I do not want to argue that these pensions are high enough or completely satisfactory, but from time to time I think we as Canadians should remind ourselves that the levels of pension benefits were the highest in the world and are being improved even now. I think that is a tribute to the attitude generally of Canadians and their willingness to improve the economy and to share in that improvement in this way.

Mr. Nielsen: With inflationary dollars.

Mr. Olson: The hon. member for Yukon (Mr. Nielsen) is now doing something I intend to deal with in greater depth in a few moments, that is, he is deliberately attempting to depreciate and downgrade the performance of Canadians in developing our economy by setting out distortions as to what is actually happening to the point that we do not as Canadians take as much satisfaction as we should.

Some hon. Members: Hear, hear!

Mr. Olson: I have two main reasons for entering the debate this evening, the first of which is to set out in clear, concise and accurate terms the record of the performance of the agricultural sector of the Canadian economy during 1971 as opposed to not only the immediate preceding year but the previous ten-year period. My second reason is to refute this kind of distortion to which the opposition must resort when it does not have any better arguments.

I should also like to refer to misinterpretations and misrepresentations that have been made by some otherwise responsible members of the opposition when dealing with provisions in the budget which they claim to be discriminatory of agricultural production in so far as processing and manufacturing is concerned. Opposition members have had some success in this regard from time to time, in that they have fooled the public for a while with these distorted interpretations to the point that some sincere and well meaning citizens believe them. Therefore, I think it appropriate that we scotch these misrepresentations and misinterpretations early rather than assume that everyone will dismiss them for the kind of allegation they are.

Let us consider some of these misrepresentations. There are one or two other things I should say. Some of my colleagues from western Canada are now travelling about the country suggesting there is nothing in the budget of significance for western Canada. They repeat this to the point that they believe it themselves. It seems to me that the leaders of the governments of the prairie provinces, whether they be Social Credit, Conservative or NDP, have been going around the country attempting to attract manufacturing and processing industries to establish within their provinces. There is no more attractive way to do that than by developing a sustainable basis of the kind the Minister of Finance (Mr. Turner) outlined in the budget in relation to corporation tax cuts.

Mr. Nielsen: Oh, be serious.

Mr. Olson: As I suggest, every person in the four western provinces has talked himself into believing that the most important economic thrust we can make in this area is in attracting additional secondary manufacturing, including processing, to establish there. We have always agreed that the first stage in development should take place in primary industry such as agriculture, mining and oil and gas development. We have reached the second stage. We ought now to be encouraging secondary manufacturing, including processing, to establish and expand. It is in this general area that we find a higher labour input by Canadians.

It is fair to say that in the oil and gas industry, for example, exploration, development and injecting addi-

tional and larger volumes into the market stream will provide an impetus to our economy. I am sure this will continue. The petrochemical industry has only just begun operations in western Canada. I am sure it will gain a tremendous advantage from the cuts in corporation taxes which were made for this purpose. The accelerated rate of write-offs, up to 50 per cent, of the cost of new equipment going into this industry will be of tremendous advantage to western Canada.

The petrochemical industry is only one area in which there will be an advantage. Other industries to benefit include mining and the large-diameter pipe manufacturing plants in western Canada. That industry is only at the beginning stage, but there is the possibility or potential that it will develop the greatest pipeline building era in Canadian history. Many of these pipe manufacturers are located in western Canada. They will be in a far more competitively advantageous position as a result of this budget. The plants of the pipe manufacturing industry are located in Calgary, Regina, Camrose and Edmonton and the suppliers of this massive and ambitious industry are located in other parts of western Canada as well.

I have mentioned only a few industries which will benefit. We must remember the tar sands development in Alberta which has really only just started. We can envisage markets looming in the future of tremendous volume and range for the development of this resource. Certainly the provision in respect of depreciation of processing equipment, as well as the new tax structure, will be of tremendous advantage in this area. Hon. members from western Canada should look at the facts and give Canadians the hope and optimism justifiable as a result of this budget, particularly in the secondary manufacturing area which we all agree is the area in which we as a nation should be moving.

• (2020)

I should like to return briefly to the suggestion that there has been some kind of discrimination in this budget against manufacturers and processors who use agricultural raw products. Because it would be improper to do so, I shall not refer to the discussion which took place in committee. However, after this matter out of the committee public statements were made by some members of the opposition who for their own purposes wished to leave a distorted picture. They made a flat statement which was a misinterpretation of the whole matter.

An hon. Member: Who are they?

Mr. Olson: It would be easy to mention their names. They do not spend enough time in this House, so they are not here tonight. But the record is clear. They attempt to make bald, flat statements on the basis of a misinterpretation. They misinterpret what is in the budget. This carries them for a while: I agree that it has in the past. They say that anyone manufacturing or processing agricultural products will be excluded from the provisions in respect of the reduction in corporation tax or the accelerated write-off provision with regard to manufacturing or processing equipment. Very clearly, that allegation is not true; agricultural products which are being manufactured or processed will receive exactly the same treatment.

[Mr. Olson.]

Mr. Horner: Will this apply in respect of all products?

Mr. Olson: The hon. member is doing exactly what he did in committee; he is asking the Minister of Agriculture to give a legal interpretation of the application of the law which quite properly comes under the Department of National Revenue. Then he will go out in the country and say he asked this question and the Minister of Agriculture did not answer. They know the Minster of Finance said there would be no difference. There are such things as washing, grading, and so on, which are not included but they are not regarded as further manufacturing or processing. If there is no substantial physical or chemical action which takes place in the process, this is considered as grading, washing, and so on. People who understand agriculture—unlike the hon. member for Yukon—know the difference between processing and preparation for market.

Another very important matter I should deal with is the attempt which was made earlier today by the hon. member for Vegreville (Mr. Mazankowski) and half a dozen others to try to explain away, in depreciating and degrading terms, the very significant improvement which occurred in 1971 in respect of farm income.

An hon. Member: Only because of a low in 1970.

Mr. Olson: I know they would have a great deal of difficulty in the farm area because of this garbage they have been peddling for the past two or three years. Farmers now know how productive the government's policies have been for their purposes. When we assumed office in 1968, so far as agriculture was concerned we made clear that the major thrust of the Department of Agriculture, and indeed of the government as a whole, in the agricultural field would be to turn the emphasis toward the marketing aspect of agricultural products because we believed the greatest enchancement of benefits for farmers would be available from emphasis in that area. I suggest that for years the Department of Agriculture has done an excellent job under all governments in those areas in which it has been active.

I suggest there are two main areas involved. One is in the resolution of production problems through such means as the research stations we have across the country, the health of animals branch, and so on. In other words, advance in production technology was one of the main functions. The department did this very well; in fact, it did it so well in many cases that the capacity to produce has far outstripped the advancement in marketing and marketing technology.

The second main area in which the Department of Agriculture has been involved is perhaps one which could be broadly described as the regulatory function. Making inspections and grading agricultural products such as vegetables, poultry, beef and so on in order to make sure that while these products went through the merchandising and distribution system the grades were maintained both on behalf of the producer who was selling and the consumer who was buying the product. As I have said, we made a deliberate announcement that the emphasis would be on the marketing sector for the purpose of improving the position of the primary producer in respect of market-

ing functions and structures. We have followed that policy consistently since that time.

We might look at the result of having done this for nearly four years in order to see what the rate of success has been. For example, Canadian farmers on the average in 1971 came through a much improved year. The average gross income per farm—by the way, this is something members of the opposition never talk about—rose to an all-time high of $13,589 in 1971 compared to $10,678 the year before. In other words, it is up almost 25 per cent. That just lays the basis. The average net income also rose in 1971 to $3,946 from $3,160 the year before. This is something I am sure members of the opposition will never repeat outside this House. That is an improvement of 23.6 per cent in just one year. That is pretty important, but it is even more important to point out that taken over a ten-year period the improvement is 70.3 per cent.

Hon. members like to hold up years like 1966, for example, and say that everything has gone down according to that one particular year. The Liberal party was in office in 1966 and does not want to take anything away from that great year. It was a great year for agriculture. No one denies that. We sold the largest amount of wheat, at the highest price, in Canadian history. There is no doubt about that. Hon. members, however, like to make comparisons between 1966 only and 1971. They do not want to make comparisons between 1971 and the ten-year average. All they want to do is make comparisons between that year and the highest peak, the year of the great surge in grain sales under a Liberal government.

• (2030)

I would like also to draw attention to the fact that total grain receipts in 1971 were up by $120 million over the year before. If hon. members would like me to spell out in detail the figures for oilseed, for barley, for oats and for wheat I would be happy to do that, but I can tell them that there were increases in every single grain commodity.

An hon. Member: There needed to be.

Mr. Olson: There are other bright spots that should be taken into account; for example, gross receipts from the sale of cattle and calves, which amounted to $1,034 million, were also the highest in Canadian history and were $60 million over the year before.

Some hon. Members: Hear, hear!

Mr. Olson: Cash receipts to farmers were up to $4,318 million in total, an increase of $151 million over the year before. That just sets out the main framework, the details of which I would like to fill in with respect to some of the commodities that were involved.

We used to hear a great deal of criticism from the opposition regarding the dairy policy. I am sure you have noticed, Mr. Speaker, that they have been strangely silent regarding the dairy policy in the last eight or nine months. The reason is pretty clear. I would like to go into detail on this but I am afraid I might not get extra time. Nevertheless, I should like to point out that people who have asked why we have not raised the price of milk by about 50 cents per hundred should know that the actual increases in milk prices—this varies somewhat from province to province because it is the province which sets the amount of payment to the producers—and the change in the holdback by the price changes that we took in 1971 and the improved market conditions, for which we take credit, amount to somewhere between 85 cents and $1 per hundred for the producers.

So when we hear misinformed or underinformed members of the opposition say that the increase was only 20 cents or 25 cents and that the farmers are asking for 50 cents, they should be reminded that the producers received increases on four separate occasions in 1971. The opposition will have to explain why they have been distorting the efforts of this government, because in the final analysis the farmers look more at the results than they do at complaints that everything is wrong.

Mr. Dinsdale: You can't fool the farmer.

Mr. Olson: I hope I have not run out of time because there are many more things I would like to speak about. These days we hear a lot about increasing the capacity of the grain handling system for what appears to be a growing demand in world markets for Canadian grain. Certainly the performance of 1970-71, when we sold 706 million bushels of grain, was an all-time record. This year we will exceed it by a great amount. But what we need to bear in mind and what needs to be recalled from time to time to put this matter in perspective is that the volume we are putting through the grain handling system is increased by 30 per cent or 40 per cent over that which most of the experts believed to be the absolute maximum only four years ago.

However, what is more important is that this was done without massive capital outlays. It was done by improving and making more efficient the use of the facilities we already have in place, such as railways, terminals, cleaning facilities, ship loading facilities, and so on. It has been said over and over again, yet it does not seem to get through clearly, that three or four years ago with the procedures that were used at that time most people involved in the industry thought that 500 carloads per day at the west coast was the absolute limit on a sustainable basis.

Last fall, before we had difficulty with the heavy snows in the mountains, we were in fact putting through up to 700 cars per day on a sustainable basis. This spring, now that we are getting the volume of cars through the mountains—and I am sure there will be some difficulties, some more slides that will tie up rail lines from time to time—on several days recently we have unloaded as many as 950 cars a day with those same facilities, while three or four years ago it was expected that 500 to 550 carloads was the maximum sustainable capacity.

Back in 1968 it used to be thought that the maximum that could be put through Thunder Bay was around 1,000 or 1,200 carloads a day. Now we are approaching 1,900 carloads a day on a sustainable basis. We have no doubt at all that with the kind of co-operation we have had from the grain industry, and with some new procedures that have been brought in, we will be able to put through 30 per cent and perhaps as high as 50 per cent more without any massive capital investment. I think that speaks for

itself. We were going to really come to grips with some of the bottlenecks we had had in the grain industry and make maximum use of the facilities that were already in place, and we have achieved this—

Mr. Nielsen: Did the railroads have anything to do with it?

Mr. Olson: Yes, the railroads were co-operating. Obviously we could not get 2,700 or 2,800 carloads to export positions unless the railroads co-operated, and we could not get them through the terminals unless the terminal operators co-operated and put them through. So this is a tribute not specifically to the government but to the whole industry for the kind of co-operation they gave us. The hon. member for Yukon has never bothered very much about all this because he did not know, and he still does not know, anything about it; but there are members on the other side who know about the new block system, the exchange of cars at the terminal and some of the improvements in grain handling facilities. They have always said that would not do and that we have to commit oursleves to the expenditure of hundreds of millions of dollars, more storage, and so forth. We have established very clearly that there is much more capacity in the system and what we need is co-operation from everyone. This has been achieved.

Mr. Dinsdale: The government has pulled its socks up.

Mr. Olson: That is not all. We believe that much more can be done in the marketing arena to be helpful to the producers. We believe that the absence of a representative of the producers at the table where the price is determined has been detrimental to the producers' interest in the totality of the marketing system.

If traders are going to make these kinds of determination, and they are working on margins rather than on the absolute amount that is paid for a commodity. For example, obviously they can get along just as well on a two-cent margin between 10 cents and 12 cents on hogs as they can on between 30 cents and 32 cents; in fact, in some cases better. But it is a big difference to the farmer whether hogs are selling for 10 cents or 30 cents. The spread to the traders is the same. Therefore, we are determined to do everything we can to make sure there is a producer representative at the table where theses kinds of prices are determined, a representative whose vital interest is the producer and the return that he gets.

• (2040)

Much has been done and much more will be done in this area and also in the promotion of products in both the domestic and export markets. I remember what happened with respect to honey producers shortly after I assumed this office in 1968. They were in a desperate situation because they themselves had not been directly interested and involved in the marketing of their product.

Mr. McKinley: They still are.

Mr. Olson: I cannot hear what the hon. member for Huron (Mr. McKinley) is saying.

Mr. Nielsen: He said they still are.

[Mr. Olson.]

Mr. Olson: When I took this office they were being offered 4 cents a pound for honey and not only had their 1967 crop on hand but almost all of the 1966 crop; and they had the 1968 crop approaching, with almost no barrels in which to store it. They are in a much happier situation today and, by the way, the price is now three or four times as high as the initial offer was then.

We have received many representations from the sheep and lamb industry during the last few years. They had received deficiency payments during the last 12 or 13 years and during the whole of that period there was a decline in returns received from wool. Mr. Speaker, there is a general decline in wool prices all over the world, mainly due to competition from synthetic fibres. One thing which is certain is that making that deficiency payment did nothing to enhance the producers' position in the market place, particularly when there was a viable, growing market for fresh Canadian lamb. Last week I called a meeting of representatives of the industry. To cut a long story short, Mr. Speaker, I hope hon. members read the press communiqué issued following that meeting. If they do, they will see it is probably an historic event, a turning to the better for the welfare of the sheep producers because they will now in a co-ordinated, co-operative way be involved in the marketing of lamb.

In the first year of the scheme we have offered to finance the development with funds up to $250,000 and we will stay with it for five years with a financial commitment so that the producers can put their own house in order and get a decent return for the high quality of their product.

Mr. Woolliams: They can't wait five years.

Mr. Olson: We are starting right now. This is not one of those on-and-off governments; when we make a commitment we stay with the job until it is done. I hope, Mr. Speaker, I have not yet run out of time. Hon. members opposite seem to think that Bill C-176, which is now the National Farm Products Marketing Act, was the only action the government took to help producers do things in the marketplace for their own benefit. That is only one of a dozen things we did.

The Acting Speaker (Mr. Boulanger): Order. I regret to interrupt the minister, but his time has expired.

Some hon. Members: Continue.

Mr. Olson: Mr. Speaker, I take it I have unanimous consent to continue.

Mr. Bell: Mr. Speaker, if the minister continues for only one or two more minutes, that will be all right; but we have a list of scheduled speakers and we could agree only to a minute or so for the minister to conclude. I am sorry to do this because he has been very revealing.

The Acting Speaker (Mr. Boulanger): This would require the unanimous consent of the House. Is it agreed?

Some hon. Members: Agreed.

Mr. Olson: Mr. Speaker, I appreciate the point made by the hon. member for Saint John-Lancaster (Mr. Bell). I

will take only another 60 seconds. I had hoped to outline the tremendous progress we are making to enhance the position of egg and poultry producers and the position of the potato industry. I am sure hon. members will await with great expectation the successful results of the progress now being made in all these other areas, all of which adds up to the prospect of a much brighter agricultural industry in Canada.

Mr. John Burton (Regina East): Mr. Speaker, the first comment I want to make is to note that on this day, more than two weeks after the introduction of the budget on May 8, we are on only the third day of the budget debate. This is a very unsatisfactory situation. It is one that should be avoided in the future. By the device of delaying the debate the government can diffuse criticism and discussion of the budget. After all, Mr. Speaker, the budget is the single most important statement made in the House during a session and it requires priority consideration. In this case the budget is so vulnerable that I can understand why the government wanted to diffuse the situation, particularly if a federal election had been called prior to last weekend, as had been planned.

The first question that must be asked is whether the budget is good for Canada and Canadians. The Minister of Finance (Mr. Turner) obviously thinks so, as he asserted in his budget address. His address amounted to an act of faith in corporations, in their capacity and benevolence to act in the best interests of Canadians. His philosophy can be summed up in a phrase: what's good for corporations is good for Canada.

The minister maintains that his budget will produce new jobs. Possibly it will. But will it produce enough? The minister in effect acknowledged that he was on shaky ground when answering questions in the House and questions that I asked him in committee. While he continued to assert his faith in his proposals, he refused to divulge unemployment projections for the balance of the year and would not even give a range of expectations for such factors as the participation rate, an important factor, and only expressed himself very cautiously in extrapolating the trend based on the latest monthly figures.

I cannot help but notice that whenever the government wants to give the economy a boost it always thinks in terms of machines. Thus, we have generous capital cost allowances which permit corporations to buy machinery and equipment this year, write off 50 per cent of it this year and the remaining 50 per cent in 1973. Thus, a firm can buy a piece of equipment on December 31, 1972, and have it completely depreciated for tax purposes by December 31, 1973. Some deal! Who benefits? The branch plant type of industrial structure that we have in Canada means that our own machinery industry is not adequately developed, so Canada will not even benefit much from purchases made as a result of this incentive.

The minister must also take into account the fact that often putting machinery in place displaces jobs. This, of course, involves the age-old problem caused by displacement of labour when machines are introduced. No one in Canada wants to stand in the way of technical progress, but I suggest that the momentum of technology and scientific advance, with proper encouragement, will bring a sufficient rate of progress. But why stack all the cards on the side of machines? We are only making more problems for ourselves.

It is maintained that there is a shortage of capital in our economy. But it is also obvious that in the present situation we have a labour surplus situation, a labour surplus only from the point of view of the current functioning of the economy and not from the point of view of real needs. So what does the Liberal government do? It makes the situation worse. It increases the need for capital and in some cases it will aggravate the job situation. If it is possible to build into the tax system incentives based on machinery and equipment purchases, why is it not possible to build in incentives based on net creation of new jobs? Why not introduce incentives for the employment of people?

I do not minimize some of the problems that may be encountered in developing a satisfactory system, but surely it is the only approach that makes sense in this regard. The government cannot take comfort in the contention that the labour force-job situation will balance out in the long run. In the meantime the misery, the hardship and privation that the government has caused millions of Canadians is inexcusable.

The most important feature of the government's generosity to corporations is the cut in the corporate tax rate from 50 per cent to 40 per cent. This carries with it a number of important consequences and implications. First, it makes a shambles of tax reform. Let us for a couple of minutes look at the history of the situation. The Carter report when presented included a plan for a rational tax system. It was to be a neutral tax system within the framework of a basically capitalistic economy. By the time the government produced the white paper, this concept had been modified considerably and it was tinkered with to a good extent.

• (2050)

Following the hearings by the committee of the House and the "blood" paper, the government presented proposals which were watered down even more. Bill C-259 in the previous session was introduced. During the course of debate on that bill more changes were made. Very few of those changes, I suggest, were beneficial to Canadians as a whole. One of the few areas of beneficial change involved co-operatives and credit unions. Much time during the debate was spent on technical points of interest only to corporations. At the same time, I must say that the concept involved in those discussions was based on maintaining a certain balance between taxation received from individuals and that received from corporations. Now that is being altered.

We have not even heard from the minister a statement of the philosophy, principles or approach to be taken by the government. In addition, on January 1, 1973, income tax for individuals in Canada is to be increased by 3 per cent. At the same time there is to be a 20 per cent reduction in tax for corporations. What will that do to the balance between the two tax sources? Are corporations to contribute the amount that they ought to contribute to the total tax system and to public expenditures in Canada.

Of course, the budget papers say that in 1972-73 individual income taxes will account for about 44 per cent

of total government revenues, and corporation income taxes about 15 per cent. The budget figures are based mainly on collections under present rates, before the new rates come into effect. The leader of the New Democratic Party (Mr. Lewis) suggested in this debate that if one calculates the effect of these changes in 1973 when the total changes come into effect, we shall find that about 49.9 per cent of total revenues come from individual income taxes and about 12.2 per cent from corporations.

We must also be concerned about equity. Under the present proposals of the Minister of Finance, the lower rate of corporate tax is to be available only for manufacturing and processing industries. That is also the case with respect to capital cost allowance provisions for machinery and equipment purchases. I ask, what about the other sectors of the economy? The minister really has not any justification in equity for the changes he has introduced in the budget.

The minister has also said on several occasions that these measures are the Canadian response to the situation created by the United States Domestic International Sales Corporation legislation. Obviously, serious problems must be dealt with. Who will be the winners? Who will gain as a result of some of those things which have been done? I suggest that the firms that are to gain the benefits of reduced tax rates and special allowances in Canada are largely the same firms that are establishing DISCs in the United States, and that move will virtually free them of tax obligations on foreign sales. I ought to make clear that I am referring to the DISC legislation in the United States concerning the last point. I ask, again, who will be winners in that sort of situation? It will be the corporations, obviously. And who loses? I suggest we do. I suggest that we Canadians will bear some special losses in this situation.

The government had to respond to the situation. It was caught in the whirlwind of its past policies of depending on foreign capital to such a great extent. The minister's response indicates that he is still going to rely on a passive role on the part of government in the operation of economy, in keeping with the traditional capitalistic approach to such matters.

I have deliberately dealt with the situation in Canada. We are all concerned about the future of Canada. I am concerned about the future of Canada as a nation. We must examine the total picture when we examine documents such as the budget address. Nevertheless, there are also regional considerations to be considered. Since I come from western Canada, Saskatchewan, I want to discuss some regional considerations that affect us in western Canada. The obvious question I must ask is, is the budget any good for western Canada?

Mr. Dinsdale: No.

Mr. Burton: I was interested in the comments of the Minister of Agriculture (Mr. Olson) who made an impassioned plea on behalf of the manufacturing industries. His remarks seemed to be rather out of tune with the role he is supposed to play in this government. It seems to me he tried to make the best of a bad situation. He suggested that there will be a few industries in western Canada which will benefit from the special corporate tax rates. What these tax rates will do to their operations remains to be seen.

The Minister of Agriculture should also bear in mind, when he is talking in western Canadian terms, that one half of manufacturing production in Canada is centred in Ontario. That province, of course, makes a great contribution to Canadian wealth and Canadian well-being and I do not downgrade it in any way. It seems to me that when the Minister of Agriculture attempts to suggest that these special measures which will benefit the manufacturing industry are good for western Canada, he is totally off base.

Mr. Dinsdale: He is straining credulity.

Mr. Burton: The Minister of Finance did not even make a nod in the direction of western Canada. He did not have a word to say about problems that concern western Canada. His statement was aimed solely at central Canada and the Liberal party's concern about fixing up its relations with big business in the largest financial and business centres of central Canada. The closest point relating to western problems was a fleeting reference to agriculture in his speech and in the economic review which was tabled earlier.

I should like to review for a moment a couple of comments that the Minister of Finance made in the budget address concerning agriculture. The first statement I refer to is as follows:

> In agriculture, a very rapid rise in productivity with a corresponding decline in the need for farm workers, has necessitated a continuing process of adjustment.

What has been the result, Mr. Speaker? Rural Canada is being denuded of population and the minister has not even hinted that he opposes the process under which the rural populations of Canada are being denuded. He did not question this matter at all; he simply seemed to suggest that he wants to see more of it and he hopes the process will continue. He also ignored completely the fact that the real increases in productivity had not been reflected in income figures to an adequate extent. The second statement he made about the farming situation was as follows:

> Here a wide range of federal programs have been put in place, including price supports, organized marketing, long and short-term credit, favourable tax treatment, and production development aid. New measures only recently introduced have improved all of these programs.

I suppose I cannot blame him for bragging a little about some of these things. Although he expressed a great deal of satisfaction, I suggest that in this area there is no cause for it. Tonight in his speech the Minister of Agriculture quoted certain figures. He suggested that the average farm net income in Canada for 1971 was $3,946. Mr. Speaker, I think one should bear in mind that that represents the farmer's return on his invested capital, on his labour and that of his family, on the management he provides—and the return averaged $3,946.

The Minister of Agriculture had the nerve to brag about that figure. He said it was higher than the 1970 figure which, at $3,146 per farm across Canada, was even more disastrous. Here, I suggest, is one of the major causes of poverty in Canada which this government has failed to

tackle. Of course, in his speech the Minister of Finance said that last year farm income rose by almost 25 per cent over the level of 1970. I think it was fatuous to compare the 1971 income with the disastrous level of 1970. That is not the sort of comparison one ought to make.

It should also be noted, Mr. Speaker, that the 1971 net farm income of farm operators across Canada totalled $1,730 million. True, it is higher than some years, but at the same time it should be kept in mind that this figure compares with $1,868 million in 1951 and $1,878 million in 1952. In 1971 we were still below the level of 1951 and 1952.

• (2100)

I notice that in his address the Minister of Agriculture made reference to the dairy industry. I do not think the minister should be bragging about this situation. He claimed that opposition members were not saying much about this matter lately, and seemed to be taking some credit for the situation. The minister of Agriculture must have overlooked what the Minister of Finance said about this situation in his budget address. The minister said:

> The dairy industry is currently benefiting from a substantial firming in world price levels—

He did not indicate this was as a result of government policies or good government planning. This came about in spite of the type of planning carried out by the government. The government should not have too much to say about this situation because they were doing everything possible to restrict dairy production at a time when world demand was rising and a shortage of dairy products was developing at the international level. The Minister of Finance also said:

> —and this year exports of grain and cereals from western Canada will surpass all previous records.

I certainly hope the minister is right. This will be of some benefit to western Canadian farmers, but at the same time it should be kept in mind that it will not be reflected to the same extent in income figures, whether it is gross income figures, as referred to by the Minister of Agriculture a few minutes ago, or net income figures. The fact is that farmers today are receiving $1.70 for wheat. That is the export price. Just five years ago they were receiving $2.13 or $2.14. That is certainly not much of an improvement. We shall have to sell a lot more wheat to simply get back to the same position as 1967.

The next paragraph in the budget address of the Minister of Finance is one I would like to draw to the attention of the House. This statement made me very angry. This is what the Minister of Finance said:

> Our manufacturing industries are the largest single source of employment in Canada, providing jobs for more than one-fifth of all working Canadians. But by contrast with other sectors of the economy, this important sector is the one that is most exposed and most vulnerable to the challenge of change and international competition.

I do not deny that the manufacturing industries in Canada are faced with serious problems. However, I suggest that this statement will cause a great deal of resentment and ill will, particularly in western Canada. The minister has demonstrated that he does not know the first thing about agricultural problems and he could care less. Where has the minister been during the past five years, particularly since international grain prices began to fall? Has he never heard of the International Wheat Agreement or the International Grains Agreement which collapsed? Is he not aware of the history of long exposure to foreign competition that has faced agriculture, particularly the export sector of the industry?

The situation is even worse. I suggest that the minister's lack of regard for agriculture was a deliberate decision to continue a long-standing policy of restricting support to agriculture. I say this because I watched the minister talk about the budget on the CTV program "Question Period" on Sunday, May 14. At that time he explained that in developing policy for his budget address he examined the three basic sectors of the economy, the primary sector, the manufacturing sector and the service sector. He said he decided that manufacturing was most in need of help and could be helped through budget measures. He pointed out that this arose because of conditions of world competition facing manufacturing industries. It is a strange thing that the minister almost falls over himself to come to the help of manufacturers but he has no time for agriculture. It is tragic for those farmers who have had to bear the impact of world competition for many years, such as grain and cereal producers.

Does the minister not realize what he is doing to agriculture? He is letting it be strangled. Does he not know that in spite of remarkable increases in productivity, this is not reflected in relative net income terms? Does the minister not know what he is doing to rural Canada and the nation as a whole? What kind of a nation does he think we will have if we simply have a few huge cities with a virtual economic and social desert between them? That will not be a nation. Unless we have a definite, meaningful decision by government in the very near future that it will participate in the reconstruction and development of a healthy rural Canada, it will be too late. Rural Canada is now disintegrating. The federal government must work actively with the provinces if we are to avoid a catastrophe.

If the minister is concerned about agriculture and rural Canada, he could at least have said something about the future of the two-price system announced by his colleague, the minister in charge of the Canadian Wheat Board, some time ago. Payments this year were made from a 1971-72 supplementary estimate. What about next year? There is nothing in the estimates for 1972-73. Is the government going to do some more tinkering with the situation? There is a good basis for my suggestion: it is not mere speculation. When the minister in charge of the Canadian Wheat Board announced the method of payment under the two-price system on February 25 he said that a different payment method for future years would be discussed with farm representatives. I quote his words:

> Unifarm and others have asked that the money be used in future in a stabilization plan.

I suggest that this is what the minister in charge of the Wheat Board plans to do with the future of the two-price system. He is going to tinker with it and use that money in order to sweeten the pot for whatever kind of stabilization plan he brings back into the House.

The budget address is consistent with statements on agriculture made by the Prime Minister (Mr. Trudeau). I

wish to draw his words to the attention of hon. members. This is from a speech made by the Prime Minister in Quebec to the Co-operative Fédérée du Quebec on February 2. This is what the Prime Minister said about agriculture:

> Agriculture will not be able to meet the challenge of the future if it does not become economically independent.
>
> Like any other industrial sector, it has to operate and will have to operate without subsidies, without outside aid, as a mature organism that has developed its full potential.
>
> It is becoming less and less acceptable that consumers bear the cost of farmers' deficiencies.

The Prime Minister blamed the whole situation on the farmers. What did the Minister of Finance have to say about manufacturing industries? He said that manufacturing industries had to be helped because they were exposed and vulnerable to the challenge of change and international competition. I suggest that this is an incompatible stance when one compares what the government is doing for manufacturing with what it is doing for agriculture and rural Canada. I challenge the government to make a firm commitment that it will play a dynamic role, together with the provinces and communities throughout Canada, in rebuilding rural Canada.

Another reason for my concern about agriculture and rural Canada is the possible consequences arising from the budget. I wish to quote as follows from an article in the May 16 issue of the *Globe and Mail* entitled "Budget has important implications":

> F. H. Hatt, president of E. M. Saunders Ltd. of Toronto, takes the view that the reduced corporate taxes for manufacturers will take the pressure off the Canadian authorities to keep the exchange rate down. Since manufacturers and processors are the groups that have been hit hardest by the dollar appreciation in the past two years, the tax cut will offset hardship in this area—and may well provide a margin for some further appreciation of the currency.
>
> A rise in the Canadian dollar to, say, $1.03 in U.S. funds would satisfy Washington as to the appropriate level for the Canadian dollar—

This, again, will hit the export sector of agriculture. It will make it even more difficult for it to survive. However, there is no hint of any help or compensation for the export sector in dealing with the problem it will have to face. Farmers have no protection; they are left out in the cold, with no help from the Minister of Finance.

I suggest that the minister should take careful note of some of these things, with particular reference to a matter that has been referred to from time to time in this House. That is the question of western alienation. There is no question but that our nation is facing serious strains at the present time. There are difficulties in relationships with the province of Quebec from whatever point of view one approaches the matter. However, it must be kept in mind that we have problems in western Canada. This point was dealt with very effectively by the hon. member for Selkirk (Mr. Rowland) when he spoke in this House on February 22. He said:

> I consider the phenomenon of western alienation to be of sufficient magnitude to have the potential of profoundly affecting the course of this nation—

He went on to define western alienation in this way:

> —the sense of frustration and anger at what is perceived to be lack of concern and understanding for the west and its problems by central Canada.

He commented, further:

> —westerners are still in the process of adapting themselves to the changes inherent in industrialization and are still seeking to define the new relationship with the rest of the country that these changes necessitate.

• (2110)

Later he said:

> It is this lack of political clout in Ottawa and a total lack of understanding or even of attention on the part of the federal government which has led to present western alienation.

I suggest that if the Minister of Finance does not show any more concern for the west in the future than he did in his budget address, we are in for serious problems in the future.

Mr. Erik Nielsen (Yukon): Mr. Speaker, as I sat here listening to the Minister of Agriculture (Mr. Olson) I could hardly believe my ears. According to him, everything is rosy with the western farmer and nothing could be better. Yet as I travelled in the west, as I am sure members opposite have done, and listened to the western farmer I came to the conclusion that there was a huge groundswell of discontent in respect of the policies of this government. If everything is so rosy, why is there this tremendous discontent, particularly among western farmers? If everything is so rosy, we can assume that nothing more can be accomplished by the government, particularly the Minister of Agriculture, in regard to western agriculture.

I have heard some of my colleagues from the east coast suggest that perhaps the Minister of Agriculture could use his influence with the Minister of Fisheries (Mr. Davis) to encourage him to at least attempt to solve some of the acutely serious problems which exist in that area of the country. I do not think things are as rosy as the minister would have us believe.

The minister says I know nothing about wheat and he is right. But he should have the same modesty when he speaks about oil, gas and the mining industry and admit that by any criterion his knowledge of these segments of the Canadian economy is slight indeed. I am one of those who was around when the minister was on this side of the House as a member of the Social Credit party.

Mr. Cullen: He saw the light.

Mr. Nielsen: Let me inform the hon. member for Sarnia-Lambton (Mr. Cullen) that it was not much of a light.

An hon. Member: That's when your light went out.

Mr. Nielsen: Let me inform the hon. member for Hamilton-Wentworth (Mr. Gibson) that the minister does not know a great deal about agriculture and will not know much if he continues to shift his position as he did in a few short years. We can go back to 1956 when the minister scorned, ridiculed and scoffed at the policies which were being advanced in respect of agricultural policy. These are the same policies, upon which he is heaping ridicule, that he advocated when he was a Social Credit member in this House before opportunism advanced him to where most Liberals wind up in the party opposite.

An hon. Member: Oh, come off it.

Mr. Nielsen: The Minister of State (Mr. Mahoney), the hon. member for Calgary South who has at least one supporter behind him, received his kudos and his portfolio as a result of the tremendous task he accomplished in piloting the tax reform legislation through the House of Commons. What does he say when he is asked questions? He was asked a question this morning about a critical situation facing Canada in respect of the price of gold. This knowledgeable and usually informative Minister of State for nothing, said nothing. I think interjections by him, both in his previous position and his positon at this time, are very ill-timed.

Some hon. Members: Hear, hear!

Mr. Mahoney: I rise on a point of order, Mr. Speaker. I think the hon. member should mention that the principal reason he did not receive an answer was that the Speaker would not allow me to answer because his questions were out of order.

Mr. Nielsen: When ministers over there are embarrassed, as they usually are, by questions from this side of the House they take refuge in assuming the mantle of the Speaker and either call our questions hypothetical or out of order. The truth of the matter is that the minister was not up to date on the current situation and knew nothing about it. If he did, which is very unlikely, he did not have any intention of informing the House about it, which is par for the course for these ministers.

The Minister of Agriculture is right in suggesting I know nothing about wheat. I have sat during debates in this House when the majority of members of the other side were not here.

Mr. Cullen: You haven't been around very often.

Mr. Nielsen: The only time the hon. member for Hamilton-Wentworth has anything to say is from the seat of his pants on the backbench over there. If he wants to contribute, why does he not urge other backbenchers to encourage the Prime Minister (Mr. Trudeau) to let them express a free opinion, instead of—

Mr. Gibson: I rise on a question of privilege, Mr. Speaker. I can only say to the hon. member that perhaps my speeches have not been the greatest in this House, but I have made about 50 while my hon. friend has been absent from the House, practically the whole session.

The Acting Speaker (Mr. Boulanger): Order, please. There is no point of order.

Mr. Nielsen: Mr. Speaker, I will not grace that interjection with the legality of a point of order. All the hon. member for Hamilton-Wentworth has to do is compare the column inches of *Hansard* to see whether or not I have made more of a contribution than he has. The argument is often used—

• (2120)

The Acting Speaker (Mr. Boulanger): Order, please. I have listened to all hon. members, but I would ask the hon. member who has the floor to continue his remarks on the budget debate.

Mr. Gibson: Just wait till we have the election.

The Acting Speaker (Mr. Boulanger): Order. I am sure the hon. member knows what I mean by having order in the House.

Mr. Nielsen: Mr. Speaker, I have not really noticed any disorder in the House. The interjections that I have heard from the opposite side of the House are no worse than those usually coming from that side, and are no more inane than is usually the case. When I hear comments about voting and arguments of the sort that the hon. member for Hamilton-Wentworth likes to dredge up, from a pretty empty barrel of interjections I might say, all I have to do is look at the attendance record of the former hon. member for, I believe, Ottawa West who is now in the other place. That hon. member has been a very distinguished member of the House for many years and in the last session he had a 100 per cent attendance record, yet he had only four column inches in *Hansard* compared with two pages of my own. So I do not think I have to put my record on the line with anybody else's, least of all with that of the hon. member for Hamilton-Wentworth, whose estimate of having participated 50 times in debates is an exaggeration to say the least.

Mr. Francis: Mr. Speaker, the hon. member referred to the hon. member for Ottawa West, which is my seat. I do not quite understand his reference and I am wondering whether that is what he intended.

Mr. Nielsen: Mr. Speaker, I do not want to confuse the hon. member for Ottawa West (Mr. Francis) with the hon. member who was promoted to the other place, though the hon. member for Ottawa West might entertain some ambitions about following him, in which case I give him my sincere wishes.

To get back to the comments of the Minister of Agriculture about wheat sales, if ever there was a bigger horn to blow he certainly took second place to no one tonight, because he was really blowing. Even one as ignorant as I am about wheat knows—and not one of the few farmers on the other side will gainsay me this—that the reason for wheat sales is not super salesmanship on the part of anyone in this government, or in the last one for that matter. The reason for our wheat sales is that Alvin Hamilton and the Diefenbaker government passed the Export Credits Insurance Act which permitted credit to be granted to potential purchasers of wheat. Hon. members opposite, at least the knowledgeable ones, know the truth of that statement.

The Minister of Agriculture speaks of distortion. Even to a mind as ignorant as mine on the subject of wheat his remarks today can only be described as downright misleading, because they simply are not true. This being the budget debate, it is only fair ball that we should expose some of the weaving, ducking and avoiding that the treasury benches have been treating this parliament to over the last four years. Anyone who watches from the public galleries the operation of this House during question period, when opposition members are trying to get infor-

mation from cabinet ministers, must wonder what this institution is all about. We get half-answers, answers that some people would describe in even broader terms. We get no answers. We get answers that are misleading. We get answers that duck and weave every step of the way. One has only to refer to this afternoon's session to hear questions that have been put to ministers by opposition members throughout the previous four years.

What has happened to parliament? What has happened to the committee system? I am a member of the Standing Committee on Indian Affairs and Northern Development. The chairman of that committee is not here tonight, but the committee usually meets on Tuesday and Thursdays and has a deadline by which to pass the estimates.

Mr. Marchand (Kamloops-Cariboo): You are never there.

Mr. Nielsen: The hon. member for Kamloops-Cariboo (Mr. Marchand) says that I am never there, but he knows that is not true. As far as the hon. member is concerned, that is a matter in connection with which he can require me to put up my seat because it is a direct charge that he knows is not true. He knows very well that I am a regular attender of that committee and that I contribute very substantially to its deliberations. But when does this committee meet? It should be meeting regularly twice a week, but it is not.

Mr. Goyer: Are you referring to privileges and elections?

Mr. Nielsen: I am speaking of the Standing Committee on Indian Affairs and Northern Development. If the Solicitor General (Mr. Goyer) has any useful and meaningful contribution to make to this debate, I invite him immediately to get to his feet and make that contribution. However, I very much doubt that he will. He has made no useful contribution as yet as a member of the cabinet and I doubt that he will make any useful contribution for the short time he has left at his disposal as a member of the cabinet. The only thing the minister has done so far is to set up his "gumshoe corps", his so-called security planning and research group. What has this so-called group done? Of whom is it composed? How many people are in the group? What is it doing? All these questions we ask of him in the House; we ask questions of him in committee. But we get no answers.

Mr. Goyer: Related to wheat problems.

Mr. Nielsen: I would not doubt that a bit. That is the only reason the government has for setting up such a force—to look after internal security in the growing of wheat. Certainly there is no other reason for setting up such a body and replacing a hitherto legitimate and perfectly efficiently performed function on the part of the RCMP.

So we have a committee system today which in 1968 the Prime Minister assured the country was going to be reformed to enable it to operate more efficiently. And committees do not even meet. When committees bring down reports the government pays no attention to them; the reports are ignored. All these committees, with the possible exception of the saw-off in the public accounts committee, have a majority of Liberal members and all decisions are of course made by that majority. Even the procedures within the committees are decided by the majority.

Every member in committee is limited to five minutes to speak his piece; he is then cut off by the chairman. Either that or the chairman runs interference when government officials are being questioned. So what earthly use is a committee system that has now degenerated to the point of absolute uselessness? Nothing is done in committee. The estimates have been taken away from the House, where they used to be given fair debate, and salted away in committee where they are never heard of again. All this under the guise of so-called participatory democracy. That arm of parliament has been completely destroyed.

It now appears that it is unparliamentary for the leader of the New Democratic Party—and I can cite other examples on this side of the House—to use the expression, as he did today, "gouging". The hon. member was referring to Bell Telephone gouging the people of Canada, though I do not myself necessarily subscribe to that view. That was called procedurally incorrect.

• (2130)

We have a Prime Minister who can use obscenities and swear words in the House, and this is perfectly all right. But suddenly it is wrong for opposition members to use descriptive adjectives. I can recall the time when this was the very essence of debate. But suddenly it has become wrong under the rule changes which were imposed upon us by a government with an insatiable lust for power. The opportunism of the Minister of Agriculture is a prime example of what I am referring to.

In the Yukon there have been repeated demands for reform of government institutions for a dozen years. For three successive years representatives of the people there have been asking for government reform. Acting unilaterally, and without the approval of the House of Commons, this arbitrary Minister of Indian Affairs and Northern Development (Mr. Chrétien) decided to change the structure which had existed for years—not that it was necessarily a good system—and experiment. The north is a greater experiment in state socialism than people in southern Canada could believe. If they could see it, they would not believe it. It is worse than the colonialism which existed in this country 100 years ago.

The Minister of Indian Affairs, with the approval of the Prime Minister, made it even worse by setting up within the bureaucracy what he was pleased to call an executive committee consisting of three civil servants taking instruction from the minister, and two elected members of council—a committee of five predominated by the civil service majority. I criticized the minister at that time. I told him it would not work. I knew it would not work.

At the end of the last session, matters reached a point at which 250 citizens in Whitehorse, where the council meetings were being held, crowded into the corridors leading to the council chamber, booing, catcalling and clamouring for the resignation of the council. Almost 5,000 citizens in the Yukon, almost 60 per cent of those eligible to vote in the last federal election in 1968, sent a petition to the

governor in council, with copies to the minister and the Prime Minister asking them to take action with regard to the disquiet which existed there and which some believed bordered on civil disobedience. And what did we get from the minister? We got platitudinous statements that he did not intend to adhere to anything which smacked of government by petition. He adopted the same attitude with respect to the petition of the Old Crow people. That petition has yet to be heard. They renewed their appeal to be heard as recently as two weeks ago.

While all this was going on, members opposite suddenly saw a vision, a vision which in 1957 and 1958 they ridiculed. Now, because there have been discoveries made in the north which were foreseen a dozen years ago by those who did have a vision of northern development, they want to climb on the bandwagon. And so we find the minister of northern development making all kinds of what he is pleased to call new announcements. We find the Prime Minister blatantly exercising political opportunism by announcing a new Mackenzie highway which will extend 1,049 miles to the Arctic coast.

Mr. Speaker, this highway, which he announced approximately two weeks ago was already under construction more than a year go and it was in the plans ten years ago. Yet all of a sudden the Prime Minister announces the new highway, only because of the probability—he thinks, and so does the minister of northern development—that a pipeline will be constructed down the Mackenzie Valley.

A pipe dream is what they are operating on, because while a gas pipeline down the Mackenzie Valley is probably inevitable, it is a good few years away yet, particularly in light of the fact that the United States government has announced approval of the TAPS route from Prudhoe Bay to Valdez with a tanker connection to Seattle.

So the government, again in its zest for gaining political advantage on the eve of what it thought might be an election, announced this tremendous new highway down the Mackenzie Valley, a highway which is to cost $100 million. Anyone who can do a simple calculation can see that this works out at $100,000 a mile through some of the roughest, toughest country in which any road could be constructed. It would not take any contractor even remotely familiar with construction costs in the north more than a moment to tell you that this would not amount to any highway at all, if it were built, but merely a two-car trail through the wilderness.

I do not wish to be taken wrongly. I am not knocking any investment the government makes in the north, because therein lies the future of Canada; we are a northern nation and this vast region holds the key to this country becoming one of the richest in the world. But instead of taking this kind of approach, the sincerity of which in any case I doubt, they should be devoting their attention to discovering means by which the gas reserves which are being rapidly proven not only in the Prudhoe Bay area but in the delta could be funelled through one of the northern centres such as Whitehorse. I think this should be part of the price of a pipeline down the Mackenzie and across the Yukon.

Gas means cheap energy, and in the northern portion of the Yukon and Northwest Territories we possess the largest known reserves of iron ore in the free world—some 22 billion tons. Combine this iron ore with cheap energy and you have the basis of a steel industry far superior to that which made the United States the great industrial nation it is today. As it is, I question the sincerity of the minister's statement that we are spending more money in the north than we have in any other year. Speaking about distortion, I question the basis upon which the minister of northern development could tell us that $19 million are being invested in one year in the north. That is somewhat short of the truth. He is talking about contracts which are let for one, two and three years, sometimes more. There has been a good deal of pre-electioneering going on among ministers opposite, including the Prime Minister. It reminds me of the old political game of trying to catch your opponent off guard, trying to catch your opponent with his pants down.

I think I might end my remarks with reference to a story. Men who have been in the business world may appreciate a story about a 43-year old businessman who had just lost a good secretary. He was asked, "How is that fine looking secretary of yours; is she well?" The reply was, "No, I had to fire her". His friend asked, in astonishment, "Why fire such an excellent secretary?" "Well," he said, "it was my forty-third birthday. I came down to breakfast in the morning and not even my children remembered my birthday. I went to the office, my secretary remembered and said, 'Happy Birthday'. She said she would like to take me to lunch. After lunch she said, 'It is such a beautiful day, let's take a drive in the country', which we did. While driving in the country she suggested we go to her apartment for a martini and forget the office for a few hours. We went and had one martini, and as she was walking toward her bedroom she turned and said, 'Make yourself comfortable while I do the same.' In a few minutes she came out with a large birthday cake in her arms, followed by my wife and children singing 'Happy Birthday', and there I sat in just my socks." I suggest that is how the government is likely to find itself sitting as a result of its lack of decision in calling an election.

• (2140)

[*Translation*]

Mr. André Fortin (Lotbinière): Mr. Speaker, it is becoming traditional in Canada to criticize or laud disproportionately the annual budgets brought down by the central power, especially because the latter adopts its budget policy without consulting the members of the Canadian confederation, namely the provinces.

This inevitably and justifiably leads to back-washes in some provinces—not only in one of them—which interpret this action as trespassing on the setting up of and the respect due their respective priorities. No consideration, anywhere in the world, can be viable without true consultation and policy co-ordination in the implementation of the programs adopted by various levels of government.

This is not new, but the time has come to innovate and prove that federalism can be viable. The central government has enormous responsibility in that respect but, once again, unfortunately, it overlooked it in formulating its budget policy. This, however, is understandable considering the fact that we are now studying what is strictly

an election budget intended to restore the fortunes of the administration of the Prime Minister (Mr. Trudeau).

After four years of blind administration and buffer politics, in fiscal as well as in monetary matters and in the field of economic expansion, the victims of this lack of real policy cannot be counted.

The unemployed, families thrown out in the street, the number of poor and families in misery—the proof of this is in the Croll report—the number of bankruptcies among private enterprises, the frightening growth of the public debt, all this is everywhere in Canada. Witnesses of this failure, the structures are now threatening to collapse everywhere, so unfair and shocking is the economic and social situation for Canadians.

Before this confessed failure, the Trudeau government defines its budget as follows, and I quote:

> The main thrust of this budget—is to buttress the Canadian economy—to provide incentives for Canadian industry to grow and compete and provide jobs.

And in the same breath, the minister adds the following:

> —to render justice to those people in our community who have been hurt by the rise in the cost of living and who have no way of fighting back.

Those are words, but the budget offers nothing to financially help the people to face the rise in the cost of living.

In spite of the publicity given to the budget speech, we have in the last few hours seen here in this House identical or almost identical reactions to those shown last year and before then on the same occasions. For some, the dyed-in-the-wool Liberals, the budget is automatically called a masterpiece. Let us say in passing that for the past 100 years, one always realizes looking back that this is a mistake, while for others, it is of no value because it does not come from them (I am speaking of the retarded Conservatives, who walk in the shade cast by the Liberals).

It is quite obvious that the truth has few chances of coming to light in such attitudes, either extreme or retarded conservative. For us, Créditistes, this budget is not much different from the previous ones, except that we are on the eve of a federal election.

Let us see what the budget brings forward: depreciation over two years in the case of machinery and equipment purchased from now on for use in manufacturing and processing goods in Canada. That will be good news for the big corporations which can afford expensive machinery and equipment. Within two years, they will buy all the machinery and equipment they can, notwithstanding their price. On account of this privilege from the Liberal government, they will be able to depreciate the full cost of such equipment over two years. Logically, we could argue that the more equipment those corporations will buy, the more workers they will lay off.

Therefore, such a policy runs counter to that of the Minister of Regional Economic Expansion (Mr. Marchand) whose purpose and endeavours are to create employment. On the other hand, that department will invest as usual millions of dollars to create more or less permanent employment. On the other hand, the government will unduly promote the interest of the big corporations in encouraging them to buy machinery whose full cost they will be able to depreciate over two years, which will contribute in increasing beyond measure the unemployment rate in Canada.

The Liberal government still goes further in the case of big corporations so that they will contribute to the election funds: it sets the reduction at 40 per cent, of general corporate tax only in the case of income from manufacturing and processing. There you have another measure to gratify those who are contributing to election funds. A 40 per cent reduction for big corporations, that's really something. That is a bitter pill to swallow.

We know that according to the budget, corporate income tax represents 16 per cent of budget revenue, against 17 per cent in 1970-1971. Not only will corporations pay less income tax than during the previous years, but they will benefit from a reduction to 40 per cent. The Liberal government does not forget those who contribute, since it is the only way to maintain the exploitation of the people by high finance.

On the other hand, on page 13 of the budget paper, one can read the following:

> As is shown in table 5, income tax is again the largest source of government budgetary revenue.

In the field of personal income tax, the federal government will collect over $5,540 million, that is over 39 per cent, that is an increase of 2 per cent over last year. We are far from the just society: the allowance is of 40 per cent for the large firms, but nothing constructive is being granted to the individuals, except a tax increase of 3 per cent. However, the minister said that the budget was intended "to render justice to those people in our community who have been hurt by the rise in the cost of living and who have no way of fighting back."

Mr. Speaker, I have read somewhere the following statement which has always impressed and which I found extremely strong until I came to the House of Commons and really understood its significance: "The future of the young people is being jeopardized by sinister capitalists who hang on to their manger; they are shameless and deprived of ideals." Young people don't know what to make of those capitalists—what I call high finance.

• (2150)

What strikes us is not only the concentration of money in a few hands, but the strength of the discretionary economic power held by a small number which is encouraged in this budget.

Those great masters of credit money and debt money which they freely use, those experts who inject credit money into the economic system can seal the fate of the people so that nobody can subsist without them. The financial magnates have been given powers devoid of any moral consideration.

The economic dictatorship controls the life of the nation by the issuance and receipts of credit through banks with the collusion of the Bank of Canada. In all budget papers submitted to us, there is no reference to that problem.

During its four years in power, the government has done nothing to improve the banking system in that regard. As in all fields, everything is dependent of finance, on those who are vested with such extraordinary

powers and who have supreme control over society, internal and external trade as well as over politics.

A man who spends less than he earns gradually makes money. Everybody can thus become well-off whether they are employers, dealers, industrialists, farmers or workers. At that rate, it is quite difficult to become a millionaire. But on the one hand the government is encouraging savings, on the other, through its taxes and present budget, it is taxing and retraining them. How many millions are the products of gross, immoral, sometimes even illegal injustice: protection of laws relating to companies, to the Bank Act, the unlimited powers given to some people by the government and this at the expense of the nation.

Banks have no gold and yet they lend millions. Why are we told that money is based on gold when banks have no gold? There again no such mention is made in the budget. As incredible as it may seem, a Canadian deputy minister of finance said recently in a letter, and I quote:

—as banks have been relieved of their responsibilities, there is definitely no gold kept in Canada in support of money in circulation.

Through an improbable law, the federal government has given chartered banks authority to lend fourteen times as much money as they own. There is nothing in the budget on this item. If we grant this authority to banks, why should we not grant it to workers and to everybody? Carpenters, farmers, doctors, are citizens on the same basis as bankers and in Canada are entitled to the same privileges, if any, through the guaranteed minimum income plan.

As under this law, banks only have to keep 5 per cent of deposits and as they lend 14 times more money than they own through the issue of credit, what would happen if all depositors were to claim their deposits at the same time? There is nothing in the budget about this.

This monetary system that is supported by the government is wrong and unfair.

There has been overproduction, according to the budget speech. We are inclined to believe it since workers, in ever increasing numbers, are being thrown out of work and forced on unemployment insurance benefits. However many people lack the bare necessities. What is wrong? Our scholarly economists seek means to fight unemployment, to avert disaster. The solution is so very simple: distribute money to the people so that they can purchase production, and work will start anew.

There has been overproduction, we are told. And meanwhile "Marchand and company" pour out millions to create jobs and increase production, which is absurd.

Instead of basing money on nothing, and allowing banks to issue credits, why not base money on production and balance distribution? There must be better adjustment of goods to human needs.

The Right Hon. Prime Minister himself (Mr. Trudeau), said at the time of his last visit to Victoriaville that man was not made for work and that it was the first duty of a government to ensure an income to its citizens.

In the recent budget, not a word is said about this.

By basing money on production instead of on nothing, it would be easy to keep proper balance between production and money in circulation. If the amount of money in circulation is smaller than the amount of production, let new dollar bills be issued and shared equally.

Let no one come and tell me that his would be equivalent to socialism. Did our so-called adversaries, whether from the Liberal or the Progressive Conservative party, practise socialism when they instituted the unemployment insurance, family allowance or the old age security plans?

In terms of commercial inventory accounting, reserve merchandise is called capital. Well, if this is capital, let us give it its counter-value in purchasing power.

When one establishes the inventory of a country, one talks about human capital, natural ressources, real estate and production. Then this capital—and I think this is the only one which is truly sound—let us show the people, through means of purchasing power and operation, that it exists and let us balance purchasing power with production. If everything is bought because the consumer has money, production will have to be renewed and there will no longer be any unemployment. If it is true that more and more the machine is replacing man and that progress is here to stay, we should find a financial mechanism to make up for the loss of work. That is the substance of Social Credit.

One of the richest men in the world, Mr. Rothschild, probably the most powerful international banker, said a few years ago:

Let me issue and control the currency of a nation and I will take care of those who make the laws.

Mr. Speaker, he has only confirmed what we have been thinking and saying for a long time: That most legislators are at the mercy of bankers. That is what is happening in Canada!

Why allow such an accumulation of capital when a man occupies only a limited space in the world, eats only three meals a day, even though financial tycoons are suffering from stomach ulcers. They wear only one suit, sleep only in one bed and live in only one house at a time. Why then allow them to hold forty companies' directorships, forty salaries, forty dividends, "forty interests"? If they number about one thousand in this country, and this figure is not exagerated, they are occupying the place of 40,000 workers and getting their salaries.

Abusive capitalism has helped production by exploiting consumers and we thus have almost one million unemployed in Canada. Since on the average each unemployed has three dependents, it follows that three million Canadians are suffering from privation.

Mr. Speaker, in Canada, the wealthiest country in the world, we must put capitalism at the service of all Canadians, and not indulge in an exagerated capitalism, or abusive socialism, as advocated by the New Democratic party.

Financing peace, this is what we are longing for, and it seems here to be an impossible task. But financing war pursuits seems to be a very easy task for governments. Let us look at what is happening in Vietnam, for instance: One never hears of money problems, but one can always hear about the everlasting problem, because it serves the big financial interests.

Proceedings on Adjournment Motion

Mr. Speaker, we need a monetary reform which would not take away one cent from the "Haves" but would provide for those who do not have enough to live as human beings.

Some will say: Why give more to the have-nots? This is again socialism! Let us be serious. We gave millions of dollars to India, to China, to Africa, even to Communist affiliated countries. Does that make us more socialists in Canada?

Money is not wealth, but it does express wealth and, yet, it is everything. Therefore, we have here a basic economic error. Money must serve the Canadian people and not subjugate it.

Banks are distributors of credit money of which the dollar has only the value of a nickel. Why, they are counterfeiters! The whole build up of the Canadian economic structure managed by a hundred dictators, bank and company managers is based on the ignorance of the people and the unfair and anti-social laws.

We are all subjugated, amazed, dazzled, we are all struck with a sort of fascination for these millionnaire czars who exploit to their benefit our dullness, our ignorance, our fear to know and to understand.

Mr. Speaker, that is why it is so difficult to understand the difference between a grit and a tory, but with time in this House, we end up by learning that there is no difference between them.

Mr. Speaker, may I call it ten o'clock?

• (2200)

[*English*]

PROCEEDINGS ON ADJOURNMENT MOTION

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

UNEMPLOYMENT INSURANCE—DELAY IN PAYMENT OF BENEFITS—ACTION TO PREVENT LOANSHARK OPERATIONS

Mr. Doug Rowland (Selkirk): Mr. Speaker, last winter it came to my attention that some people in a number of large Canadian cities had discovered a way of profiting from the delays encountered in issuing unemployment insurance cheques and from the desperate financial straits in which many people in receipt of unemployment insurance payments found themselves. These "businessmen" would offer people who were due to receive an unemployment insurance cheque, but who had not yet received it and were in need of money, what was in effect a loan.

This practice is called discounting. An offer of cash would be made, in return for which the recipient would pledge to turn over his unemployment insurance cheque upon receipt to the person making the loan. To guarantee receipt of the cheque the lender would have his client arrange to have the cheque mailed to the lender's office.

[Mr. Fortin.]

The loan was never for the full amount of the cheque. Customarily, also, half the amount of the loan was given immediately and the other half when the borrower signed over the cheque to the lender. A typical transaction would be an $80 payment in return for a $100 cheque, $40 of which would be paid immediately and the other $40 when the cheque was signed over. The discount was $20. One can readily see that if the cheque was received a week later, the lender was in effect charging interest at rates in excess of 1,000 per cent per annum. That is usury in anyone's language. The transaction involved absolutely no risk to the lender because he was having the cheque mailed to his address and it was a government cheque.

A further investigation revealed that the people involved in discounting UIC cheques were also engaged in discounting anticipated income tax rebates, pension cheques and other benefits paid by governments. I felt this practice to be odious and accordingly raised the matter in the House on the first occasion which presented itself after we reassembled following the Christmas recess. Accordingly, on Friday, February 25, I asked the following question:

> Is the department aware of loansharking operations, the lending of money against unemployment insurance cheques, resulting from the delays in payment and, if so, what action is the commission taking to prevent this occurrence?

The Parliamentary Secretary to the Minister of Manpower and Immigration (Mr. Perrault) replied:

> Mr. Speaker, the situation will be investigated. If indeed such a situation exists it is clearly despicable.

On Friday, March 10, I followed up the matter by moving the following motion under Standing Order 43:

> That in the opinion of this House the government should immediately bring forward legislation which would ensure that the practice of discounting government payments to individuals, at usurious rates of interest to the recipients of benefits provided by law, is placed under the provisions of the Small Loans Act.

Unanimous consent was denied. On Wednesday, March 15, I asked the following question:

> Has the government yet taken any steps to end the practice of lending money at usurious interest rates against the future receipt of unemployment insurance cheques?

The Parliamentary Secretary to the Minister of Manpower and Immigration replied:

> Mr. Speaker, as hon. members are aware, the minister is very concerned about the practice of discounting unemployment insurance benefit warrants. I want to assure the hon. member that consideration is being given to a number of measures designed to halt the practice. I can inform the House that as of now a process is beginning and new regulations are being instituted under the unemployment insurance plan to prevent the use of an address which is not that of a claimant for mailing purposes without the permission of the Unemployment Insurance Commission. I must say—

And so forth. I then asked the parliamentary secretary if the government was considering legislation to end the practice and his answer was a simple yes. My understanding is that the government did indeed take some action. It had the Superintendent of Insurance investigate the practice of discounting in order to discover if violations of federal laws were involved and if prosecutions could be undertaken.

In addition, I understand that UIC regulations were altered so as to make it more difficult for a client to have his cheque mailed directly to a loanshark. But no legislation was forthcoming. Accordingly on Wednesday, March 29, I myself introduced a bill the purpose of which was to make it clear that the practice of short-term discounting of payments of governments to individuals such as UIC benefits, pension cheques and income tax rebates were to be considered loan transactions and subject to the provisions of the Small Loans Act.

Maximum interest charges allowable under that act are 24 per cent, or 2 per cent per month. The practice of discounting, if subjected to such regulations, would end because the rate of return on a loan lasting a week or two only would be so little that it would not be worth the trouble of undertaking the transaction. I have yet to receive any comment from the government on the contents of the bill.

Finally, on Monday, May 8, I asked the following question:

A while ago there was some trouble with loansharking associated with unemployment insurance cheques. At that time the minister's parliamentary assistant who was being questioned in the House indicated that legislation might be prepared by the government. Is the government considering the preparation of such legislation and if so, what form will it take? Will it be by amendment of the Small Loans Act?

The minister replied:

Mr. Speaker, preliminary investigation shows that if there is any weakness in the act or law it lies in the provincial jurisdiction. We are suggesting now that perhaps we should be concentrating in that area, with the co-operation of the provinces of course, in order to bring an end to this type of situation.

What the minister's reply means is that the federal government believes that the practice of usury through short-term discounting is one which must be regulated by legislation at the provincial level. The provinces still say that this is a federal responsibility. So we have another jurisdictional dispute, another constitutional argument, while Canadians continue to be gouged daily by loansharks. My advice to the federal government is: take a chance, introduce legislation to control discounting and if someone wants to challenge the constitutionality of the legislation to let him take it to court. The odds are better than even that the federal government would win such a case.

The Acting Speaker (Mr. Laniel): Order, please. I regret to interrupt the hon. member, but his allotted time has expired.

Mr. Ray Perrault (Parliamentary Secretary to Minister of Manpower and Immigration): Mr. Speaker, I am pleased to answer the question the hon. member for Selkirk (Mr. Rowland) asked during the question period on May 8. I listened with interest to his observations this evening. I assure him, again, that the minister and the department are considering actively the problem he spoke about again this evening.

By order in council PC 1972-667 an amendment to the unemployment insurance regulations was made which reads as follows:

Section 145 of the unemployment insurance regulations is amended by adding thereto the following subsection (8);

A claimant making a claim for benefit shall, unless otherwise permitted by the commission, supply the mailing address of his normal place of residence.

This, the hon. member will observe, will prevent claimants from advising the Unemployment Insurance Commission of a change of address which could be that of a lender. Most hon. members know that loansharks oblige people about to receive benefits to have them mailed to their civic address, to ensure that they get back the moneys lent plus the extravagant interest rate for which they are asking.

In addition to this amendment to the unemployment insurance regulations, investigations of which the hon. member is aware have proceeded for some weeks. These investigations may lead to additional measures to protect the interests of the unemployed of this country. Indeed, active consideration is being given to possible actions. I hope it may be possible to make further announcements later.

One of the findings that has emerged from the investigations is that there is not necessarily a relationship between delays in unemployment insurance benefits, for whatever reason—those mistakes might be on the part of the claimant or the commission or anyone else—and the so-called loansharking operation. Indeed, loansharking began long before changes were made in the unemployment insurance regulations of this country. Nevertheless, that practice is deplored by the minister, by the department and certainly by the government. Any useful suggestions received from any part of the House will be welcome and will be given careful and attentive study by the minister, to make sure we can end this practice.

HUMAN SCIENCES—PROGRAMS TO INCREASE PUBLIC EXPENDITURE

Mr. Heath Macquarrie (Hillsborough): Mr. Speaker, on April 17 I asked the Secretary of State (Mr. Pelletier) to take note of statistics which had just come to my attention from Statistics Canada indicating that the government of this country spends 15 times more on the natural than on the human sciences. I asked if the government was so totally committed to technological efforts that it was not contemplating further expenditures on the human sciences.

• (2210)

From my university background I have noted over many years that the relationship between the human sciences and the engineering and natural sciences is something like that of Lazarus to Dives, but I was appalled and disturbed that the gap had widened between these two with the assistance of government. The document which stimulated my concern is entitled "Federal government expenditures on the human sciences," catalogue 13-545, published by Statistics Canada. One quotation is startling. It reads as follows:

The expenditures on activities in the human sciences are rather modest when compared to the expenditures for the engineering and natural sciences. For instance, the current expenditures on R & D in the human sciences represent only 7 per cent of the equivalent in the natural sciences in 1969-70. Moreover, this proportion drops to 6 per cent if capital expenditures (important in

the natural sciences but almost non-existent in the human sciences) are included in the calculation.

Comparison of total expenditures on scientific activities for these two areas shows that for one dollar spent in the human sciences in 1969-70, there was a corresponding expenditure of almost eight dollars in the engineering and natural sciences. However, forecasted expenditures for 1970-71 and 1971-72 indicate a small 'improvement', which expected ratios of $1/$7 for these two years (excluding the census costs).

This matter is one of great concern, especially at a time when there is renewed concern in Canada about such questions as our national identity, cultural heritage, and so on; when we find that there is a seeming drying up of expenditure on the part of the government on those things which one might say expresses the Canadian soul. Not long ago I saw a very moving editorial in the Ottawa *Citizen* entitled "Canada Council beheaded," written by Christopher Young. He wrote:

The government acted with commendable speed in filling the vacancy at the top of the CBC. Only performance will tell whether vice-president Laurent Picard is the right choice to run the national broadcasting network, but at least there will be no hiatus at the top. Mr. Picard was appointed three months before the resignation of George Davidson was to take effect.

This is a great difference from the situation with regard to the Canada Council. I again quote:

The council's director, Peter Dwyer, suffered a severe stroke while at work a year ago. Mr. Dwyer had worked in the Privy Council under the St. Laurent government and had drafted the act setting up the Canada Council, on the basis of recommendations made by the Massey commission. He had moved to the council's staff when it was founded in 1957 and had directed its highly successful arts program from the beginning.

It was apparent rather quickly that Mr. Dwyer would not be able to return to the heavy administrative job at the head of the council's permanent staff. His formal resignation was announced last November, and he is now a consultant to the National Arts Centre.

But nothing has been done to fill the post, and the council is drifting aimlessly. Decisions are deferred. New ideas are discouraged. Staff morale is wretched. The council itself, made up of distinguished or politically acceptable citizens, has failed to fill the vacuum of leadership.

The public servants who work at the council and the people in the arts who have come to depend on its advice and funds—at least those I have spoken to—are appalled by the effects of the government's failure to act. Whether indifference or indecision is the reason, the results are serious—

Meantime some of the newer government agencies—notably the Local Initiatives Program and Opportunities for Youth—are moving into areas where a more dynamic Canada Council might be expected to be active—

The Canada Council does not loom as large in the national consciousness as the CBC. But its importance to the writers, musicians, painters, actors and dancers, as well as the university professors, of this country can hardly be exaggerated—

Governments need to be checked not only on those things which they ought to have done but also on not doing those things which they ought to have done.

This sounds very episcopalian.

The government—and specifically the prime minister whose prerogative this appointment is—ought to have acted on the Canada Council vacancy long before now.

I think that these two things unite in a most disturbing way the heavy expenditure on the natural sciences and engineering and the very miniscule expenditure on the tremendously important realm of the human sciences. The fact that the Canada Council leadership seems not to have commanded any priority causes me a great deal of anxiety. I say this as one who believes that while the natural sciences are important, while the structure of Canada, its basic engineering, is important, surely the soul of Canada is still more important even than these and this priority should be reflected by a sensitive and thoughtful government.

[Mr. Macquarrie.]

Mr. Ray Perrault (Parliamentary Secretary to Minister of Manpower and Immigration): Mr. Speaker, the hon. member's question follows a report issued by Statistics Canada outlining the discrepancy in government spending between technical sciences and human sciences. Although we must acknowledge the existence of such a discrepancy, let us put it into proper perspective.

It seems that the figures provided did not include the Department of the Secretary of State, the Public Archives, the CRTC, the National Library, the Company of Young Canadians, the National Film Board, the Canadian Film Development Corporation, the National Arts Centre, the CBC or the Opportunities for Youth program, to mention but a few. All these programs are closely related to human sciences, since they deal with people, and the bulk of their expenditures is directed toward aspects of Canadian life that are of a humanistic nature.

I am aware that the hon. member is thinking in terms of moneys distributed to provide assistance to specific research in sociology, political science and anthropology, but I am sure he will agree that a good many of the reports and studies paid for by the federal government, or its agencies, whether it be the youth report or whatever, fit very well into those criteria. Furthermore, the people employed to carry out those taks are mainly social scientists.

I would like to terminate my remarks by saying that the distinction made by confining human research to technological research is somewhat rhetorical. It can be argued that a botanist, a chemist, an environmental specialist deals as much with the well-being of people as does a sociologist. The federal government is attempting to infuse this concept in its apparatus and in this respect is studying very closely the recommendations of the report of the Senate Special Committee on Science Policy. That particular report has stressed this aspect of sciences and has offered most valuable comments.

GRAIN—PILOT PROJECT FOR USE OF INTERIOR ELEVATORS—REQUEST FOR STATEMENT

Mr. Bill Knight (Assiniboia): Mr. Speaker, in the last several years since the introduction of the task force report on agriculture in 1969-70 there has been considerable discussion concerning the use of inland terminals and unit trains. The minister in charge of the Wheat Board told us last winter that very soon a report on transportation arrangements in the Dominion of Canada will be tabled in the House of Commons. Yet we sit here today, soon to be in the month of June, and no report is forthcoming.

In lieu of an announcement by the Minister of Agriculture (Mr. Olson) in Winnipeg concerning the movement of

grain through inland terminals for cleaning and shipment, I asked the Minister of Agriculture the following question:

Since the federal government is going ahead with a pilot project to determine the feasibility of channelling grain through large interior terminal elevators, I wonder if the minister would be prepared to make a statement on motions outlining some of the details of this program, such as the elevator companies involved and so on.

I asked the question because of the many implications of this project for the Prairies generally in terms of the use of inland terminals. I inquired whether the government had established objectives, whether it had estimated the cost of operating the necessary trucks, whether it had decided who should lease the trucks and how the private elevator companies would be involved. How would the grain be cleaned and shipped out? This information should be laid on the table without delay so that interested parties in the prairie region can form an opinion as to the government's objectives and the significance of the program by comparison to the expected end results—results which should also be publicly stated.

• (2220)

I make this suggestion no matter on what side of the debate on the use of inland terminals a group may happen to be. These groups, whether the Palliser Wheat Growers Association, the National Farmers Union, the wheat pools, the Pioneer Elevator Company, or what have you, should have the opportunity to know exactly what is going on in terms of the use of inland terminals and to understand the implications for our transportation system. Ministers speak of moving so much grain to the west coast, but at the same time I suggest we cannot ignore the problems that we faced during last winter. We must look at different methods of grain movement and grain handling in terms of one principle above all others, and that is service to the farmers involved. There is no use completely changing the system if this merely adds up to additional cost of production for farmers whose prices for grain commodities are already far too low.

All kinds of ideas are being put forward in this country, indeed in the world, regarding grain movement. The United States has been developing the use of water transportation facilities, different types of barges to haul goods, especially farm products. Some of the railroad companies, such as Pullman in the United States, have developed certain ideas that are based on the use of container cars and larger door openings in grain cars to facilitate quicker loading of grain. There are all kinds of methods that the government can examine. But the most significant and important aspect of this kind of project is that there be complete consultation with those directly involved who will be directly affected after the program has been implemented.

Mr. Marcel Lessard (Parliamentary Secretary to Minister of Agriculture): Mr. Speaker, with regard to the hon. member's request for details on a pilot project to channel grains through interior terminal elevators, I might say simply that this project is for feed barley only. This barley will be trucked from various private country elevators under instruction from the Canadian Wheat Board to the Canadian government elevators at Moose Jaw and Saskatoon. At this point it will be cleaned, segregated by grade and made ready for reshipment pending instructions from the Wheat Board. At the end of this crop year the pilot project will end and an evaluation will be made. I might point out, Mr. Speaker, that the project will be useful not only for purposes of evaluation but it is expected that four million bushels of barley will be put through the system under the project.

The hon. member also raised other points. However, I can only say that this experiment was undertaken on the recommendation of those who were greatly involved in grain transportation in this country.

Motion agreed to and the House adjourned at 10.25 p.m.

HOUSE OF COMMONS

Wednesday, May 24, 1972

The House met at 2 p.m.

ROUTINE PROCEEDINGS

[*Translation*]

PRIVILEGES AND ELECTIONS

Second report of Standing Committee on Privileges and Elections—Mr. Laflamme.

[Editor's Note: For text of above report, see today's Votes and Proceedings.]

* * *

[*English*]

PUBLIC ACCOUNTS

TABLING OF AUDITOR GENERAL'S REPORT FOR FISCAL YEAR ENDED MARCH 31, 1971

Hon. P. M. Mahoney (Minister of State): Mr. Speaker, pursuant to section 61 of the Financial Administration Act, and on behalf of the Minister of Finance, I should like to table copies in both official languages of the report of the Auditor General to the House of Commons for the fiscal year ended March 31, 1971.

The Auditor General has asked me to extend his apologies to the House for the lateness of this report which is due to circumstances of which the House is aware.

Some hon. Members: Oh, oh!

* * *

IMMIGRATION

ADMISSION TO CANADA OF PERSHING GERVAIS—REQUEST FOR UNANIMOUS CONSENT TO MOVE MOTION UNDER S.O. 43

Mr. G. W. Baldwin (Peace River): I am looking vainly for an Acting Prime Minister, Mr. Speaker; I think I see one opposite me now. In any event, I have a motion to propose under Standing Order 43. The urgent and pressing circumstances involved the alleged extraordinary use by the Canadian government of immigration regulations to arrange for one Pershing Gervais, at the instance of the United States government, to use Canada as a place of refuge after having charged Jim Garrison, former New Orleans district attorney, with involvement in a pinball racket. My motion, if I am allowed to put it, is as follows:

That this House urges the government to immediately make a full inquiry into the circumstances of admission into Canada of Pershing Gervais, alias Paul Mason, and report to the House.

Mr. Speaker: Hon. members have heard the motion proposed by the hon. member for Peace River. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

Mr. Speaker: There is not unanimous consent. The motion cannot be put.

* * *

REGIONAL ECONOMIC EXPANSION

ALLEGED MISUSE OF INCENTIVE GRANTS—REQUEST FOR UNANIMOUS CONSENT TO MOVE MOTION UNDER S.O. 43

Mr. James A. McGrath (St. John's East): Mr. Speaker, pursuant to Standing Order 43 I ask unanimous consent of the House to propose a motion on a matter of urgent and pressing necessity. This matter arises out of an independent study, presented to the Standing Committee on Regional Development yesterday, which shows that 11 out of 18 companies which received total commitments of $34 million in public funds under the Regional Development Incentives Act made no investment or location decisions because of the money but just reaped windfall gains. With consent, I therefore move, seconded by the hon. member for Peace River (Mr. Baldwin):

• (1410)

That this House resolves that the government should immediately appoint an independent authority to investigate the performance records of companies which have received or may receive grants under the Regional Development Incentives Act at the discretion of the Minister of Regional Economic Expansion and to make recommendations with respect to the continuance or repudiation of each such commitment and, where justified, the recovery of public moneys and such further and other recommendations as the authority may consider proper.

Mr. Speaker: The hon. member's motion is proposed under the terms of Standing Order 43 and requires the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

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

Questions

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

NATIVE INDIAN AND ESKIMO POPULATION IN CANADA

Question No. 207—**Mr. MacLean:**

1. What is the ratio of the total native Indian and Eskimo population to the total population of Canada?

2. What is the ratio of the total Indian and Eskimo population who hold a postgraduate degree at the doctorate level to the total number of Canadians who hold such degrees?

3. What is the ratio of (a) the total native Indian and Eskimo university graduates to the total number of university graduates in Canada (b) the total native Indian and Eskimo population who are students at the secondary school level to the total number of such students in Canada?

4. What is the ratio of medical doctors serving the total native Indian and Eskimo population to the total number of medical doctors in Canada?

5. How many (a) medical doctors (b) dentists (c) nurses are employed by the government to serve the native Indian and Eskimo population?

6. How many of the above employees, in each category, are native Indian and Eskimo?

Mr. J. A. Jerome (Parliamentary Secretary to President of the Privy Council): I am informed by Statistics Canada, the Departments of Indian Affairs and Northern Development and National Health and Welfare as follows: 1. The ratio of the total native Indian and Eskimo population to the total population of Canada is 0.012 according to the 1961 Census of Canada.

2. No data available.

3. (a) 130 Indian and Eskimo university graduates. (b) In the 1969-70 school year, there were 7,749 Indian students at the secondary school level. This figure represents registered Indian students only. The ratios requested are not available.

4. The ratios requested cannot be provided accurately. Most of the native Indian and Eskimo population is now provided medical care by medical practitioners who render the same service to all Canadians. Where local medical services are not available to these specific groups, federal or federally sponsored services, i.e., university personnel, are provided where possible. In the Territories, native Canadians may be serviced by Public Service physicians initially, but possible referral to treatment centres in more southerly areas routinely involves any number of physicians or specialists. The overall active Canadian physician: population ratio is about 1:700.

5. (a) 150 medical doctors (this includes all categories of physicians, most of which serve in multiple functions.) (b) 27 dentists (most dental work is performed at federal expense by private dentists). (c) Approximately 820 nurses.

6. Doctors nil. Dentists nil. 11 nurses are native Indians.

[Mr. Speaker.]

EXPORTS OF RESOURCES AND FOREIGN INVESTMENT

Question No. 220—**Mr. Yewchuk:**

1. To date, what consideration has the government given to allow the Province of Alberta to communicate with the Government of each of these countries (a) United States (b) USSR (c) People's Republic of China over matters concerning (i) oil (ii) gas (iii) water?

2. What kind of representation is being made in each of those countries by the government, in relation to the export of (a) oil (b) gas (c) water from the Province of Alberta?

3. Have any projections been prepared by the government which would forecast gains and/or losses in terms of production and standard of living in Canada, if American ownership of oil and gas resources would be limited to 49 per cent control or less?

Mr. J. A. Jerome (Parliamentary Secretary to President of the Privy Council): 1. Formal communications with the Governments of the USA, USSR and the People's Republic of China are the responsibility of the federal government and these are normally channeled through the Canadian Embassies in those three countries or through their respective Embassies in Ottawa. The federal government is, at the same time, in touch with the government of Alberta as well as the governments of other provinces, and vice versa, regarding questions of mutual interest which have an international dimension, including when appropriate, oil, gas and water.

2. It would not be appropriate to indicate publicly at this stage what precise representations might be involved since this disclosure might adversely affect Canada's bargaining position.

3. No such projections have been completed to date; however, such questions are under consideration in the government's general review of energy policy.

TEST RUN OF A UNIT TRAIN OF WHEAT

Question No. 240—**Mr. Southam:**

1. Was a test run of a unit train of wheat made early in December between Saskatoon and Vancouver and, if so (a) what was the number of bushels of wheat involved (b) what was the grade of wheat involved (c) how many hopper cars made up the train (d) what was the time involved in moving this unit train between Saskatchewan and Vancouver (e) how long did it require to load the train (f) how long did it require to unload the train (g) who was the purchaser of the wheat and at what price (h) was there a net saving per bushel in moving this amount of wheat under this experiment and (i) if so, what was the saving per bushel and will the saving be reflected in the net return to the producer through the Pool Account (ii) if not, will the loss be deducted from the Pool Account?

2. Are further test runs to be made with wheat or other grains in the near future?

Mr. J. A. Jerome (Parliamentary Secretary to President of the Privy Council): I am informed by the Department of Agriculture and the Canadian Wheat Board as follows: 1 Yes. (a) 278,868 bushels; (b) No. 2 Manitoba Northern, (c) 90 hopper cars; (d) Total time from beginning of loading at Saskatoon December 3 at 6:00 a.m. to completion of loading to vessel December 6 at 4:00 p.m. —82 hours; (e) 10 working hours; (f) 8 hours; (g) As a matter of good commercial practice, it is not the policy of the Canadian Wheat Board to divulge sales information which is deemed to be confidential between the Board, as seller, and the buyer. (h) (i) and (ii) There was no saving realized

as a result of this experiment. There were some additional expenses involved which would not have been incurred had the same grain been moved in the usual way to its normal destination. At the present time it is known that approximately $4,000 in additional transit charges have accrued but a final accounting cannot be made until all the facts are known. It was understood from the outset that no monetary benefit would result from the experiment and the Canadian Wheat Board participated in it on the understanding that any unusual expenses which would be involved would not be a charge on producers but would be met by the Canadian Grain Commission.

2 No, there are no positive plans at this time for further test runs.

GRAIN TRAFFIC—VANCOUVER

Question No. 255—**Mr. Korchinski:**

1. How many box cars of grain were unloaded in Vancouver in each day from November 1, 1971 to date?

2. What is the capacity of the terminal elevators at Vancouver?

3. What was the maximum amount of grain held at these terminals in each week since November 1, 1971?

Mr. Marcel Lessard (Parliamentary Secretary to Minister of Agriculture):

1. Daily Traffic Report—Vancouver
November 1, 1971—March 3, 1972

Date	No. Cars	Date	No. Cars	Date	No. Cars	Date	No. Cars	Date	No. Cars
Nov.		Dec.		Jan.		Feb.		March	
1	425	1	471	1	33	1	221	1	324
2	622	2	494	4	308	2	289	2	267
3	597	3	601	5	575	3	186	3	163
4	555	4	369	6	551	4	190		
5	518	6	467	7	443	5	101		
6	263	7	687	8	163	7	215		
8	455	8	676	10	417	8	485		
9	616	9	613	11	478	9	624		
10	626	10	643	12	380	10	558		
11	143	11	335	13	435	11	564		
12	496	13	459	14	431	12	415		
13	509	14	586	15	108	14	404		
15	484	15	555	17	312	15	587		
16	671	16	557	18	575	16	661		
17	613	17	522	19	538	17	592		
18	497	18	66	20	365	18	606		
19	520	20	393	21	264	19	489		
20	228	21	474	22	55	21	375		
22	431	22	441	24	120	22	625		
23	583	23	382	25	177	23	599		
24	607	24	381	26	125	24	539		
25	543	25	32	27	77	25	557		
26	531	28	118	28	106	26	448		
27	326	29	349	29	7	28	424		
29	423	30	449	31	160	29	559		
30	440	31	427						
Total Cars	12,722		11,547		7,203		11,313		754

Total No. of Cars 43,539.

2. Vancouver = 25,028,500 bushels.

Questions

3. Visible Stocks at Vancouver
November 1, 1971—March 1, 1972

Week Ending	Amount
	(in 000's bu.)
Nov. 3	12,972
Nov. 10	12,573
Nov. 17	12,021
Nov. 24	13,017
Dec. 1	12,268
Dec. 8	12,505
Dec. 15	14,130
Dec. 22	14,060
Dec. 29	14,689
Jan. 5	14,135
Jan. 12	12,178
Jan. 19	9,712
Jan. 26	8,101
Feb. 2	7,081
Feb. 9	7,384
Feb. 16	8,733
Feb. 23	9,359
Mar. 1	10,416

Above figures include wheat, oats, barley, rye, flaxseed and rapeseed.

NATIONAL ARTS CENTRE—RECEPTION, MARCH 4, 1972

Question No. 305—**Mr. McIntosh:**

1. What was the purpose of the reception, concert, dinner and dance hosted by the Secretary of State for External Affairs at the National Arts Centre the evening of March 4, 1972?

2. Of the guests, how many were (a) diplomats (b) others?

3. What was the cost of the National Arts Centre Orchestra's special concert staged for the occasion?

4. what was the cost of (a) the liquor (b) the wines (c) the champagne (d) the liqueurs?

5. What was the cost of the dinner?

6. What was the cost of the orchestra engaged for the dancing?

7. What was the rental fee for the Arts Centre facilities, accommodation and staff?

8. Is entertaining on this scale a routine practice for the Department of External Affairs?

9. What is the total departmental annual cost of entertaining (a) in Ottawa (b) in Canadian missions overseas?

10. Did the Minister or any of his departmental officers request or order the Arts Centre Management to permit minimal or no publicity in the media of the event?

Hon. Mitchell Sharp (Secretary of State for External Affairs): 1. For a number of years, at least since the late 1950's, it has been the custom for the Secretary of State for External Affairs to provide an annual occasion to enable foreign diplomatic representatives and their wives to meet socially as a group with a number of distinguished Canadians in appropriate Canadian surroundings. An occasion of this nature serves as an expression of appreciation of the courtesies and hospitality extended to Canadian representatives in and visitors to the countries of the foreign Heads of Mission concerned and also to a great many of our fellow citizens here in Canada by those diplomatic representatives. It serves also as a gesture of hospitality on the part of the Canadian Government towards the distinguished diplomatic representatives of the friendly governments accredited to Canada. The importance of such occasions has long been recognized by governments of many other countries where official

entertainment in honour of Heads of Foreign Diplomatic Missions is an established practice.

2. (a) 134; (b) 138.

3. $3,500.

4. (a), (b), (c) and (d): liquor and liqueurs: $900; wines including champagne: $1,400.

5. $3,655.

6. $220.

7. No rental fee for facilities and accommodation. Staff $800.

8. This year it was possible to organize one single social event rather than a series of smaller ones, as in the past, by making use of the excellent facilities of the National Arts Centre. It was also the first time that a concert by the prestigious National Arts Centre Orchestra was made part of the event. In view of the success of the evening, it is hoped that similar social events with emphasis on Canadian culture, may be held annually in honour of Heads of Foreign Diplomatic Missions and their wives.

9. (a) The annual Departmental hospitality costs in Ottawa during 1971-72 amounted to $24,579. Other hospitality expenditures controlled by Departmental headquarters in Ottawa: (1) hospitality in connection with international conferences amounted to $36,636; (2) hospitality in connection with the Government's cultural and information programs amounted to $6,509; (3) hospitality extended by the Government of Canada to visiting Heads of State and dignitaries amounted to $327,574. (b) The direct costs of entertaining at Canadian posts abroad for the fiscal year 1971-72 were $706,504.

10. No. Indeed, special effort was made to invite a diverse group of Canadians including newspaper editors from Ottawa and other Canadian cities, many of whom attended the evening function.

LE DAIN COMMISSION REPORT

Question No. 310—**Mr. Robinson:**

1. How many copies of the Le Dain Commission Report on the Non-Medical use of Drugs have been printed, where are they sold and what is the price per copy?

2. How many copies must be sold in order to make the publication profitable and what, if anything, is the government doing to avoid loss on the publication?

Hon. Martin P. O'Connell (Minister of Labour): 1. 5,339 French copies and 24,960 English copies have been printed of the Interim Report of the Commission of Inquiry into the Non-Medical Use of Drugs. Copies are sold through Information Canada's Centres (Bookshops), commercial booksellers which have asked for them and by mail order from Information Canada. The Report sells for $2 per copy.

2. The publication became profitable after the sale of 4,270 copies of the French edition and 19,960 copies of the English edition. Copies of the Report are nearly sold out and a revised second edition is presently under consideration.

[Mr. Sharp.]

GENERAL ADJUSTMENT ASSISTANCE BOARD

Question No. 313—**Mr. Robinson:**

1. How many manufacturers have been helped to take advantage of export opportunities arising from the Kennedy Round by the General Adjustment Assistance Board since it was established in 1968?

2. How much money has been saved or expended by manufacturers as a result of the establishment of the General Adjustment Assistance Board?

3. What is the yearly cost of maintaining the General Adjustment Assistance Board?

Mr. Bruce Howard (Parliamentary Secretary to Minister of Industry, Trade and Commerce): 1. A total of 76 manufacturers have been assisted.

2. (a) The amount that manufacturers have saved is not available. (b) As a result of the establishment of GAAP, manufacturers have expended or committed to expend $77,914,000 on restructuring programs.

3. For fiscal year 1971/72, a total of $11,000.

SENATE COMMITTEE REPORT ON POVERTY

Question No. 318—**Mr. Robinson:**

1. How many copies of the Senate Committee Report on Poverty have been produced?

2. Where are they sold and what is the price per copy?

3. How many copies must be sold in order to make production profitable or break even?

4. What, if anything, will the government do to avoid any possible loss on the publication of the Senate Commmittee Report on Poverty?

Hon. Martin P. O'Connell (Minister of Labour): 1. 2,500 French copies and 11,544 English copies have been printed of the Senate Committee Report on Poverty.

2. Copies are sold through Information Canada's Centres (Bookshops), commercial booksellers which have asked for them and by mail order from Information Canada. The Report sells for $2 per copy.

3. Sales must reach 8,772 copies of the English edition and 1,676 copies of the French edition in order to recover printing costs. Sales of the English edition have exceeded the break even point and the French edition is within 100 copies of that level.

FEDERAL ASSISTANCE TO STATE OF BANGLA DESH

Question No. 347—**Mr. Robinson:**

Has the government extended recognition of the independent State of Bangla Desh and, if so, what assistance is planned by the government for this nation at the present time?

Hon. Mitchell Sharp (Secretary of State for External Affairs): The Government of Canada recognized the state of Bangla Desh on February 14, 1972. A Canadian mission headed by Mr. Gérin-Lajoie, President of CIDA, recently visited Bangla Desh and assessed the humanitarian and rehabilitation requirements. As a result of the mission's findings and in co-ordination with the United Nations Relief Organization Dacca (UNROD), a Canadian aid program is being discussed with Bangla Desh officials. The prospective breakdown is as follows: food aid $20 million; railway track material $7 million; tubewell project $5 mil-

lion; commodities $5 million; shallow draft vessels $2.5 million; electrical transmission spare parts $1 million; and $5 million unallocated.

FAMILY ALLOWANCE PROGRAM

Question No. 356—**Mr. Robinson:**

Under the new family allowance program, what is the estimated amount of money that will be saved that would formerly have been paid to recipients who would not fall within the eligibility criteria?

Hon. John C. Munro (Minister of National Health and Welfare): There will be no savings experienced because of the cancellation of benefits to families with income above eligible Family Income Security Plan levels, but rather a transfer to low income families of the sums involved. Those families who will not qualify for Family Income Security Plan benefits now receive an estimated $180 million under the Family, Youth and Quebec Schooling Allowances programs.

OPPORTUNITIES FOR YOUTH PROGRAM

Question No. 360—**Mr. Ryan:**

1. What amount has the Secretary of State spent on advertising the Opportunities for Youth Program, and in what ways has the Program been advertised?

2. Where are application forms for OFY grants being made available?

[*Translation*]

Hon. Gérard Pelletier (Secretary of State): 1. The following expenditures can be clearly assigned to advertising publicity given to the Opportunities for Youth Program to date: (i) sums spent by regional offices for local radio spots: $5,000; (ii) a campaign on radio and in student newspapers to remind students of the March 8 deadline: $28,000; (iii) printing and distribution of pamphlets and posters used by field officers and other officials: $30,200; Total: $63,200. The Program was publicized through a press conference by the Secretary of State January 13, by hundreds of press articles and interviews given by 75 field officers on campuses and elsewhere to citizen and student groups throughout the country.

2. Before the cut-off date of March 8, the main points of distribution for the 500,000 application forms were the regional and field offices of the Opportunities for Youth Program, some 600 Canada Manpower Centres throughout the country, 18 regional offices of the Citizenship Branch of the Secretary of State Department, Summer '72 information officers, Information Canada Inquiry Centres and the operational headquarters of the Opportunities for Youth Program in Ottawa.

[*English*]

AMOUNT DEBITED BY CANADIAN WHEAT BOARD UNDER TEMPORARY WHEAT RESERVES ACT

Question No. 386—**Mr. Horner:**

How much did the Canadian Wheat Board bill the Department of Finance under the Temporary Wheat Reserves Act for each month beginning March 1, 1968 until March 1, 1972?

Hon. Otto E. Lang (Minister of Justice): Payments under the Temporary Wheat Reserves Act are paid monthly on the basis of a calculation submitted by the Canadian Wheat Board at the beginning of each crop year. Subject to the final determination of the Canadian Wheat Board stocks of wheat on August 1 the basis for the monthly payments may be revised during the course of the crop year. The Canadian Wheat Board does not bill the Government on a monthly basis.

CANADIAN PARTICIPATION IN INTERNATIONAL UNIONS

Question No. 389—**Mr. Robinson:**

1. To the government's knowledge, how much money did Canadians pay into international unions in each of the years 1965 to 1971 respectively?

2. How much money was paid to Canadian union members belonging to international unions in each of the years 1965 to 1971 respectively?

Mr. Bruce Howard (Parliamentary Secretary to Minister of Industry, Trade and Commerce): Statistics Canada reports that: 1. Net dues and assessments paid by Canadian members to international union headquarters: (1969 is the latest year for which figures are available.)

	$
1965	28,297,000
1966	30,987,000
1967	35,154,000
1968	41,514,000
1969	41,377,000
	177,329,000

2. The following table presents details of payments to Canadian union members under the three specific categories of expenditures in Canada which international unions are required to report under the Corporations and Labour Unions Returns Act and Regulations: (1969 is the latest year for which figures are available.)

	1965	1966	1967	1968	1969
	$,000	$,000	$,000	$,000	$,000
Strike benefits	8,755	8,702	5,015	14,547	16,683
Pension and Welfare Payments to Beneficiaries	2,715	2,827	2,758	3,077	3,369
Gross salaries, wages and other remuneration to officers and employees	8,821	9,828	10,343	11,920	11,462

PORTNEUF CONSTITUENCY—BENEFITS UNDER THE ON-THE-JOB TRAINING PROGRAM

Question No. 396—**Mr. Godin:**

For the winter of 1971-72, have companies in the constituency of Portneuf applied for benefits from the Department of Manpower and Immigration under the on-the-job training program and, if so (a) how many applications were made (b) how many projects were accepted (c) what is the average duration of the agreements and how many workers will benefit from them (d) how much will be spent by the government in this constituency under this program?

Questions

[*Translation*]

Hon. Bryce Mackasey (Minister of Manpower and Immigration): Statistical records for the Canada Manpower Training on-the-job Program are maintained on the basis of each Canada Manpower Centre and census geographic code but not by electoral district. The Portneuf constituency is serviced by the following CMCs: *Quebec East*—except villages of Montauban and Notre-Dame-des-Anges; rural municipalities of Notre-Dame-des-Anges-de-Montauban, Rivière-à-Pierre and St-Rémi; the unorganized. *Grand'Mère*—the villages of Montauban and Notre-Dame-des-Anges; rural municipalities of Notre-Dame-des-Anges-de-Montauban, Rivière-à-Pierre and St-Rémi; the unorganized.

Following are the responses applicable to these two CMCs as at May 10, 1972: (a) number of applications: Quebec East, 157; Grand'Mère, 34; Total, 191. (b) Number of projects accepted: Quebec East, 128; Grand'Mère, 22; Total, 150. (c) Average duration per trainee: Quebec East, 18 weeks; Grand'Mère, 13 weeks; Average, 16 weeks. Number of trainees: Quebec East, 341; Grand'Mère, 189; Total 530. (d) Total training on-the-job expenditures committed: Quebec East, $474,982.23; Grand'Mère, $133,248.38; Total, $608,230.61.

[*English*]

DEVELOPMENT OF PHARMACEUTICAL PRODUCTS

Question No. 427—**Mr. Rowland:**

1. What is the amount spent by the government, through grants or otherwise, on the development of pharmaceutical products?

2. In the past five years, how many pharmaceutical products have been developed with the assistance of the government?

3. Of the pharmaceutical products referred to in part 2, how many were eventually manufactured and marketed by Canadian-owned drug manufacturing companies in each of the past five years?

4. Does the government require that pharmaceutical products developed with the assistance of federal research grants or other federal assistance be produced and marketed by Canadian-owned drug manufacturing companies and, if not, for what reasons?

Mr. Bruce Howard (Parliamentary Secretary to Minister of Industry, Trade and Commerce): 1. The Department of Industry Trade and Commerce, through its Industrial Research and Development Incentives Act, granted $2,064,000 to drug companies for research on pharmaceutical products during the years 1967 to 1972. In addition during the same period $1,309,000 was loaned to pharmaceutical companies through the Pharmaceutical Industry Development Assistance Program to assist them in expanding and improving their operations, which includes their product development capabilities. Direct research grants under the Department of Industry, Trade and Commerce Program for Advancement of Industrial Technology to pharmaceutical manufacturers to date has amounted to $217,127.

2. In total, 17 new products have been developed which include products licensed by Canadian-owned companies under the provisions of Bill C-102 and hitherto not available from sources other than the patent holder. In addition six new products are presently under development.

3. Twelve new pharmaceutical products developed in part with federal funds, and available through licensing resultant from changes in the Patent Act incorporated under Bill C-102 have been made available by Canadian-owned companies to the Canadian public in the last five years, eight of them during 1970 and four during 1971.

4. Recipients of grants under IRDIA are required to sign a statement that they are free to exploit the results of their new product developments abroad in most world markets. It is understood that in certifying this statement the applicants will endeavour to build plants for the manufacture of these products in Canada and do as much in the way of export development from Canada as is commercially feasible. Similarly under the PAIT program recipients of grants must show that should a new product be developed they will undertake its manufacture in Canada to the maximum extent commercially possible without prejudicing their financial position. These programs do not make a distinction between Canadian-owned companies and non Canadian-owned companies. All companies which are incorporated federally or in a province in Canada are eligible for assistance. The nationality of their shareholders or officers is not a condition. To restrict the assistance to Canadian-owned companies would be to fail to utilize the very considerable technological and worldwide marketing capabilities of the foreign-owned companies in Canada, some of which have made considerable investment in Canada and account for a major portion of Canadian drug exports.

BORDEN-CAPE TORMENTINE FERRY SERVICE—*MV JOHN HAMILTON GRAY*

Question No. 430—**Mr. Macquarrie:**

1. Will the *MV John Hamilton Gray* be returned to the Borden-Cape Tormentine ferry service and, if so, on what date?

2. What new ships are being constructed for this service?

3. When are such ships to be ready for service?

4. What improvements are being made on the facilities of the *Vacationland* and *Holiday Island*?

Mr. Gérard Duquet (Parliamentary Secretary to Minister of Transport): 1. The *MV John Hamilton Gray* is currently on the Borden-Cape Tormentine service and will be remaining there until May 23 when she will be withdrawn from service for refit.

2. No new ships are being constructed for this service at the present time. However, sufficient capacity to meet the anticipated demands is being assured through the interchange of vessels between the Gulf service and the PEI service and through the addition of two new vessels last year.

3. Not applicable in view of the answer to No. 2.

4. Washrooms are being installed on the lower car deck of each of these vessels and these will be ready in time for the return of the vessels to service this spring.

PAYMENTS MADE TO MANITOBA UNDER NATIONAL HEALTH AND WELFARE PROGRAMS

Question No. 516—**Mr. Murta:**

What were the total contributions and payments made to the Province of Manitoba under Department of National Health and Welfare programs during the past fiscal year?

Hon. John C. Munro (Minister of National Health and Welfare): Under the Medical Services Branch: (including hospitalization and medical care services for Indians); $666,096.65. Under the Health Programs Branch: (including medicare and hospital insurance payments, the Health Resources Fund and Health Grants); $83,171,452.88. Under the Social Allowances and Services Branch: (including assistance and services under the Canada Assistance Plan, Blind and Disabled Persons Allowances); $36,559,552.00. Making a total of $120,397,101.53.

*ARMENIAN INDEPENDENCE

Question No. 517—**Mr. Macquarrie:**

1. In 1971, did the government receive a memorandum from the Canadian Committee for the Independence of Armenia regarding the Armenian independence and, if so, on what date?

2. What reply was given?

3. What, if any, representations were made to governments of other countries by the Government of Canada on the question and, on what dates?

4. What response was received?

5. What further action is contemplated by the Government of Canada?

Mr. Paul St. Pierre (Parliamentary Secretary to Secretary of State for External Affairs): 1. Yes, on April 24, 1971. This memorandum asks the support of all nations for the creation of a free and independent Armenia.

2. The memorandum was acknowledged on May 3, 1971 and has been given serious consideration.

3. No representations have been made to governments of other countries on the question. No other country has made representations to Canada to support the creation of a free and independent Armenia as proposed in the memorandum. There have been no resolutions on the question before the United Nations or any of its agencies in recent years.

4. Not applicable.

5. The Secretary of State for External Affairs, by letter of April 21, 1972, indicated a willingness to meet with representatives of the Armenian Community in Toronto in keeping with his general policy of maintaining contact with leaders of Canadian ethnic groups.

NIHON NOSAN KOGYO COMPANY, JAPAN

Question No. 518—**Mr. Mazankowski:**

Is the government involved in any way, or aware of, a proposal by Nihon Nosan Kogyo Co., the largest compound feed maker in Japan, to develop a wholly-capitalized feed lot operation in Alberta in co-operation with Mitsubishi Corporation, which would run beef cattle and hogs destined for distribution to Canadian, American and Japanese markets?

Mr. Bruce Howard (Parliamentary Secretary to Minister of Industry, Trade and Commerce): The Department of Industry, Trade and Commerce is aware of the interests of many Japanese companies in developing a Canadian source of beef, as well as a number of other agricultural commodities. There is no involvement by the Department, however, in the specific project referred to.

Questions

BEAUCE CONSTITUENCY—NUMBER OF PERSONS ACCEPTED FOR TRAINING COURSES

Question No. 533—**Mr. Rodrigue:**

1. During the years 1969-70, 1970-71 and 1971-72, how many persons in the constituency of Beauce were accepted for training courses given by the Department of Manpower and Immigration?

2. What amounts were paid to the students?

3. What were the training costs?

[*Translation*]

Hon. Bryce Mackasey (Minister of Manpower and Immigration): Training information is not available on a constituency basis. The following relates to training provided in the area served by the Canada Manpower Centre at Ville St. Georges: 1. Number of trainees commencing training[1]: Fiscal Year: 1969-70; Full Time: 872; Part Time: 483. Fiscal Year: 1970-71; Full Time: 899; Part Time: 767. Fiscal Year: 1971-72[2]; Full Time: 1,231; Part Time: 388.

2. Training Allowance costs (including trainee travel grants): 1969-70, $625,201; 1970-71, $740,651; 1971-72[2], $874,992.

3. Training Costs: 1969-70, $582,104; 1970-71, $563,878; 1971-72[2], $680,529.

[1]Does not include Training-in-Industry Program.

[2]Preliminary and subject to revision.

[*English*]

ASSOCIATION OF AFRICAN UNIVERSITIES—REQUIREMENT OF STUDENTS WHO BENEFIT UNDER CIDA

Question No. 541—**Mr. Robinson:**

Are the African students who will benefit under the CIDA contribution toward the university scholarship fund administered by the Association of African Universities of Accra, Ghana, required to return to work in their own country after their educational pursuit and (a) if so, for how long (b) if not, are they allowed to immigrate to Canada or other countries after finishing their education?

Hon. Mitchell Sharp (Secretary of State for External Affairs): The Canadian contribution towards the university scholarship fund of the Association of African Universities is an extension of an existing program supported by other donor countries. Selected students do not sign contracts with the AAU to return to their homeland although it is expected of them. Many students are sponsored by their own governments and have jobs ready for them on their return and it could be that these have signed undertakings to return. However, the signing of such agreements is not a requirement by Canada for students nominated under this program. To answer the second part of the question the graduates may apply for immigration permits to any country in the world; however, there are reasons to expect that many of them will remain in Africa. The education the students receive is regionally oriented and fits them for work in Africa rather than in Europe or North America. This is particularly true in such disciplines as agriculture and tropical medicine. The Canadian project is just beginning and until students graduate it is not possible to report on their actions; however, the Government believes that the pattern will be in accordance with its aims and objectives in assisting developing countries.

Questions

OIL DRILLING IN BRITISH COLUMBIA COASTAL WATERS

Question No. 554—**Mr. Douglas:**

1. How many oil wells have been drilled to date in the coastal waters of British Columbia?

2. How many of these oil wells are (a) abandoned (b) in production?

3. How many oil wells were drilled in this area during the calendar year 1971?

4. In how many locations is oil drilling proceeding in British Columbia coastal waters at the present time and what are the permit numbers of these locations?

Mr. Jack Cullen (Parliamentary Secretary to Minister of Energy, Mines and Resources): 1. Fourteen.

2. (a) 14; (b) Not applicable.

3. None.

4. No wells are currently being drilled offshore in British Columbia coastal waters.

PORTNEUF CONSTITUENCY—NUMBER OF PERSONS ADMITTED TO TRAINING COURSES

Question No. 558—**Mr. Godin:**

During the years 1970-71 and 1971-72, how many persons in the constituency of Portneuf were admitted to training courses offered by and paid for by the Department of Manpower and Immigration?

[*Translation*]

Hon. Bryce Mackasey (Minister of Manpower and Immigration): Training information is not available on a constituency basis. The following relates to training provided in the areas served by the Canada Manpower Centres at Quebec and Grand'Mère. 1. Number of trainees commencing training[1]. Fiscal Year: 1970-71; Full Time: 5,303; Part Time: 3,687. Fiscal Year: 1971-72[2]; Full Time 4,217; Part Time; 2,539.

[1]Does not include Training-in-Industry Program.

[2]Preliminary and subject to revision.

[*English*]

MANPOWER STRENGTHS—MEMBER ELIGIBLE FOR VETERANS' LAND ACT

Question No. 570—**Mr. Foster:**

How many members of the permanent Canadian Forces are currently serving whose compulsory retirement age (i.e. expiration of service) extends past the deadline of March 31, 1974, for assistance under the Veterans' Land Act?

Mr. J.-R. Comtois (Parliamentary Secretary to Minister of National Defence): On April 30, 1972, there were 61,953 personnel serving in the Canadian Forces whose compulsory retirement age or expiration of service is scheduled to extend beyond March 31, 1974. However, records are not maintained by the Department of National Defence in a manner which would permit the number still in the Canadian Forces, eligible for assistance under the Veterans' Land Act, to be identified. The Act is administered by the Department of Veterans Affairs and it is the responsibility of individuals to make application to that Department to determine their eligibility and apply for assistance if they so desire.

[Mr. Sharp.]

CANADIAN FORCES—NAMES OF REGIMENTS

Question No. 590—**Mr. Diefenbaker:**

What is the present name for the former branches of the Armed Forces known as (a) Royal Canadian Engineers (b) Royal Canadian Artillery?

Hon. C. M. Drury (Acting Minister of National Defence): These units are now part of the land element of the Canadian Armed Forces but they have retained their individual unit identities as follows: (a) Royal Canadian Engineers: 1 Field Squadron; 2 Field Squadron; 3 Field Squadron; and 4 Field Squadron. (b) Royal Canadian Artillery: 1st Regiment, Royal Canadian Horse Artillery; 2nd Regiment, Royal Canadian Horse Artillery; and 3rd Regiment, Royal Canadian Horse Artillery.

*NUMBER OF PERSONNEL IN ARMED FORCES

Question No. 591—**Mr. Diefenbaker:**

1. How many (a) men (b) women are there in the Armed Forces as of this, or the nearest date?

2. Of the personnel, how many are (a) commissioned officers (b) non-commissioned officers (c) privates?

Mr. J. A. Jerome (Parliamentary Secretary to President of the Privy Council): The answer to Part 1 of this question is as follows: paid strength as of April 30, 1972 (a) 82,541; (b) 1,626.

The answer to Part 2 of this question is as follows:

	Male	Female
(a)		
Officers	13,158	496
Officer Cadets	1,729	7
(b) Supervisory Non-Commissioned Officers		
Chief Warrant Officer	884	
Master Warrant Officer	2,418	2
Warrant Officer	4,762	11
Sergeant	10,349	52
Master Corporal	5,924	53
(c) Privates and Non-Supervisory Corporals	43,317	1,005

SALES TAX EXEMPTION FOR SOFT DRINK INDUSTRY

Question No. 595—**Mr. Rynard:**

Does the government propose to remove the 12 per cent federal sales tax applicable to the soft drink industry as recommended by the Royal Commission on Taxation 1966 (The Carter Commission) and the Ontario Committee on Taxation 1967 (The Smith Commission) and, if so, on what date?

Hon. P. M. Mahoney (Minister of State): If the Government should decide to propose an amendment to the Excise Tax Act to exempt the soft drink industry from sales tax it would be announced at the appopriate time.

QUESTIONS PASSED AS ORDERS FOR RETURNS

TRAVELLING AND ENTERTAINING EXPENSES OF FEDERAL GOVERNMENT DEPARTMENTS AND STAFFS

Question No. 158—**Mr. Harding:**

1. What amount was spent by each federal department and agency, including the Prime Minister's office, on travelling expenses of their staffs in each of the past three fiscal years?

2. What amount was spent by each on entertainment in each of the past three fiscal years?

Return tabled.

PURCHASES AND INSTALLATION OF OFFICE FURNISHINGS FOR GOVERNMENT DEPARTMENTS

Question No. 160—**Mr. Harding:**

1. (a) How many pieces of the following office equipment were purchased by each federal department and agency in each of the past three fiscal years and what were the costs for each category (i) typewriters (ii) dictaphones (iii) tape recorders (iv) adding machines (v) calculating machines (b) what was the total stock of this equipment in each federal department and agency for each of the five categories as of March 31, 1971?

2. What was the total cost of purchases and installation of office furnishings for (a) furniture (b) carpets and carpeting (c) draperies and blinds (d) others, in each federal department and agency in each of the past three fiscal years?

Return tabled.

NATIONAL PARKS

Question No. 330—**Mr. Stewart (Okanagan-Kootenay):**

1. What is the area in square miles and the population of (a) Prince Edward Island (b) Vancouver Island (c) the federal constituency of Okanagan-Kootenay?

2. What were the investment expenditures of the Department of Indian Affairs and Northern Development, over the past ten years, for national parks (a) in total (b) for each park?

3. What is the amount of the development and maintenance expenditures made by the Department of Indian Affairs and Northern Development for national parks over the past five years (a) in total (b) for each park?

4. Do the above amounts include departmental expenditures for the construction of principal highways traversing national parks and, if not, what is this cost over the past five years?

5. Will departmental hearings on the provisional master plans for Glacier and Mount Revelstoke National Parks be held and, if so (a) when (b) in what place?

6. What is the area in square miles of each of Canada's national parks?

Return tabled.

UNION DUES AND ASSESSMENTS PAID BY CANADIAN WORKERS TO INTERNATIONAL UNIONS

Question No. 337—**Mr. Stewart (Okanagan-Kootenay):**

1. To the government's knowledge, what has been the amount of union dues and assessments paid by Canadian workers to international unions over the past five years?

2. What Canadian trade unions are affiliated with and mainly controlled by American parents?

Return tabled.

1971 CENSUS—NAMES OF CENSUS COMMISSIONERS IN ABITIBI CONSTITUENCY

Question No. 372—**Mr. Laprise:**

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

2. What salary was paid to each?

Return tabled.

Motions for Papers

MOTIONS FOR PAPERS

Mr. J. A. Jerome (Parliamentary Secretary to President of the Privy Council): Mr. Speaker, notice of motion No. 18 is acceptable to the government subject to the usual reservations concerning confidential documents.

COPY OF ALL CORRESPONDENCE REGARDING SALE OF LAND BY CITY OF REGINA TO DEPARTMENT OF TRANSPORT

Motion No. 18—**Mr. Burton:**

That an humble Address be presented to His Excellency praying that he will cause to be laid before this House a copy of all correspondence and other documents concerning the recent sale of land owned by the City of Regina at the Regina Airport to the Department of Transport.

Motion agreed to.

Mr. Jerome: Mr. Speaker, would you be so kind as to call notices of motions Nos. 11, 27 and 28.

COPY OF CORRESPONDENCE BETWEEN MR. JOHN CARSON AND HON. JOHN TURNER REGARDING BILINGUALISM IN THE PUBLIC SERVICE

Motion No. 11—**Mr. Orlikow:**

That an Order of the House do issue for a copy of all correspondence between Mr. John Carson, Chairman of the Public Service Commission and the Honourable John Turner, Minister of Justice, regarding bilingualism in the Public Service and its application under the terms of the Public Service Employment Act.

Mr. Knowles (Winnipeg North Centre): Stand.

Mr. Judd Buchanan (Parliamentary Secretary to Minister of Finance): Mr. Speaker, this correspondence in general cannot be identified as government papers as such but rather should be identified as correspondence between the Minister of Finance (Mr. Turner), as a member of parliament, and one of the established institutions of government. In addition, some of the correspondence reflects on the personal competence or character of individuals—

Mr. Speaker: Order, please. I have some doubt whether the hon. member's remarks are acceptable under the terms of the Standing Order and the practice of the House. The hon. parliamentary secretary should indicate immediately whether it is proposed to table the documents.

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, in the absence of the hon. member in whose name this motion appears I suggested that it stand.

Mr. Speaker: Stand.

Motions for Papers

COPY OF REPORT BY GASTON G. CHAMAILLARD FOR DEPARTMENT OF ENERGY, MINES AND RESOURCES RELATING TO WATER RESOURCES AND WATER POLLUTION

Motion No. 27—**Mr. Skoberg:**

That an Order of the House do issue for a copy of the consultant report by Gaston G. Chamaillard, undertaken for the Department of Energy, Mines and Resources, regarding a Canada-wide survey of public information, educational activities relating to water resources and water pollution, as mentioned in answer to Question Number 1,323 of the 1st Session of this Parliament.

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, I move this motion on the hon. member's behalf.

Mr. J. A. Jerome (Parliamentary Secretary to President of the Privy Council): Mr. Speaker, this motion is the same as motion for the production of papers No. 84 of the last session. As stated at that time, this report was prepared for internal working purposes. It contains information obtained on a confidential basis and must, therefore, be treated as privileged. I would therefore request that the hon. member withdraw his motion.

Mr. Knowles (Winnipeg North Centre): Question.

Mr. Jerome: Transfer for debate.

Mr. Speaker: Transferred for debate.

COPY OF REPORT BY OPERATION RESEARCH INDUSTRIES—QUANTITATIVE ASSESSMENT OF THE POLICY AND PLANNING BRANCH

Motion No. 28—**Mr. Skoberg:**

That an Order of the House do issue for a copy of the consultant report by Operation Research Industries Limited undertaken for the Department of Energy, Mines and Resources regarding a quantitative assessment of the Policy and Planning Branch as mentioned in answer to Question Number 2,452 of the 1st Session of this Parliament.

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, I move this motion on the hon. member's behalf.

Mr. J. A. Jerome (Parliamentary Secretary to President of the Privy Council): Mr. Speaker, this motion is the same as motion for the production of papers No. 90 of the last session. As stated at that time, the report is an internal working document which was prepared to assist unit management in determining what organizational changes might be required to increase efficiency of operations, and its release is not considered to be in the public interest. Under these circumstances, it is requested that the hon. member withdraw his motion.

Mr. Knowles (Winnipeg North Centre): Question.

Mr. Jerome: Transfer for debate.

Mr. Speaker: Transferred for debate. Shall the remaining notices of motions stand?

Some hon. Members: Agreed.

[Mr. Speaker.]

ORAL QUESTION PERIOD

INDUSTRY

FORD MOTOR COMPANY—POSSIBILITY OF SHUTDOWN BECAUSE OF U.S. POLLUTION CONTROLS—SUGGESTED CONSULTATION WITH AMERICANS ON DISTRIBUTION AND ECONOMIC DISLOCATION

Hon. George Hees (Prince Edward-Hastings): Mr. Speaker, I have a question for the Minister of Industry, Trade and Commerce, but in his absence I will address it to the Acting Prime Minister. Has the government given consideration to holding meetings with the government of the United States with the aim in mind of persuading that government to permit the Ford Motor Company to distribute 1973 model cars to its agencies with the proviso that these 1973 models not be sold until the completion of the new tests being carried out by the United States Environmental Protection Agency?

Hon. C. M. Drury (Acting Prime Minister): This is quite an interesting suggestion, Mr. Speaker, and I will see that it is passed on to the Minister of Industry, Trade and Commerce.

Mr. Hees: Mr. Speaker, has the government also considered holding meetings with the United States government with the object of avoiding a dislocation of the production of the Ford Motor Company both in Canada and in the United States because of the very serious effects such dislocations will have on the economies of both countries?

Mr. Drury: Mr. Speaker, I think the hon. gentleman is aware that the government of Canada is meeting fairly continuously on a number of trade matters with the United States, and that preoccupation with avoiding dislocation of the motor car industry is of just as great concern to them as to us.

Mr. Hees: In view of that very general non-answer, and because of the great seriousness of the dislocation which can result from the Ford Motor Company having to stop production, will the government make it a very special point with the government of the United States to avoid such dislocation?

Mr. Speaker: Order, please.

FORD MOTOR COMPANY—POSSIBILITY OF SHUTDOWN BECAUSE OF U.S. POLLUTION CONTROLS—CO-ORDINATION OF DEPARTMENTAL ACTIVITIES TO MINIMIZE EFFECTS

Mr. Max Saltsman (Waterloo): Mr. Speaker, my supplementary question is addressed to the Acting Prime Minister. In view of the fact the Minister of Transport seems to be charged with the responsibility of looking after safety matters, and the Minister of Industry, Trade and Commerce seems to be ducking the question because his responsibility is in the area of production—

• (1420)

Mr. Speaker: Order, please. Perhaps we might attempt to ask questions this afternoon rather than make statements. We will probably make better progress that way.

Mr. Saltsman: Thank you, Mr. Speaker. Will the Acting Prime Minister see that the activities of these two departments are co-ordinated and that the production losses are anticipated in order to make sure that unemployment does not result in Canada?

Hon. C. M. Drury (Acting Prime Minister): Mr. Speaker, the assumption behind the question, namely, that the activities of the two departments are not co-ordinated, is quite unsubstantiated.

AUTOMOBILES—POSSIBLE TARIFF AMENDMENT BECAUSE OF CHANGES IN U.S. APPROACH TO AUTO PACT

Mr. W. M. Howe (Wellington-Grey-Dufferin-Waterloo): Mr. Speaker, I have a question for the President of the Treasury Board as Acting Prime Minister. When the automotive trade pact was signed some years ago there was a great deal of concern over the loss of millions of dollars in tariffs. The explanation given was that this would be compensated for by the number of new jobs. If, as it would appear, many main and supporting plants could be closed down as a result of changes in the United States approach, does the government have in mind any change in the tariff structure to compensate for the loss of employment opportunities for Canadians?

Hon. C. M. Drury (Acting Prime Minister): Mr. Speaker, I think the hon. gentleman will be aware that as a consequence of this particular arrangement there have been and will continue to be created many new jobs in Canada in the automotive field.

Mr. Speaker: Is the hon. member for Spadina rising on a supplementary?

Mr. Ryan: No, Mr. Speaker. It is another question.

* * *

REGIONAL ECONOMIC EXPANSION

INCENTIVE GRANTS—ALLEGED MISUSE BY CERTAIN COMPANIES—REQUEST FOR STATEMENT—POSSIBILITY OF LEGAL ACTION

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, I have a question for the Minister of Regional Economic Expansion. In view of the fact that according to the findings of Dr. D. Springate, who appeared before the Standing Committee on Regional Development yesterday, 11 of 18 companies that received DREE grants totalling $34 million reaped windfall profits from these grants, would the minister undertake to make a statement to the House by the end of this week explaining how this was possible in terms of the act and what action he, as the responsible minister, intends to take to avoid a repetition?

[*Translation*]

Hon. Jean Marchand (Minister of Regional Economic Expansion): Mr. Speaker, I shall be appearing before the committee this afternoon where I can give more details. The basis of Dr. Springate's thesis is extremely narrow. No one with a slightly scientific mind can draw sure conclusions from it. Yesterday, Dr. Springate himself stated in answer to a question put to him before the committee that he was dissatisfied with his own conclusions, and I agree with him.

[*English*]

Mr. Broadbent: Mr. Speaker, I asked the minister to deal with the specific instances cited by Dr. Springate. In view of the meeting this afternoon I should like to go on to a second related question. Inasmuch as Dr. Springate's study clearly indicates what I would regard as corporate cheating on the part of certain corporations, would the minister indicate whether any companies receiving DREE grants have been prosecuted, whether any legal action of any sort has been taken against any companies up to the present time and, whether or not something of this nature has taken place in the past, if any legal action is being contemplated?

[*Translation*]

Mr. Marchand (Langelier): Mr. Speaker, Dr. Springate has never claimed that his study was an objective analysis of the financial situation of those companies and of the reasons for their applications. He has merely held personal interviews and drawn his conclusions therefrom. I fail to see how legal action can be taken as a result of interviews with people whose names and circumstances the interviewer himself refuses to reveal.

[*English*]

Mr. Broadbent: Mr. Speaker, it is unfortunate that the minister should attempt to smear a serious study in this way.

Mr. Speaker: Order, please. I really do not think we should embark on a debate on this matter which obviously is of interest to many hon. members. We should try to limit contributions at this stage to straightforward questions and perhaps straightforward answers.

Mr. Broadbent: I will try for a straightforward answer to this question, Mr. Speaker. In view of the fact Dr. Springate asserted in his study that officials in the minister's department are working in clear contravention of the stated purposes of the Regional Development Incentives Act and provides documentary evidence of this in his written thesis, would the minister inform the House whether he has personally authorized such departures from the stated purposes of the act?

[*Translation*]

Mr. Marchand (Langelier): Mr. Speaker, there are dozens of officials in my department highly specialized in the same field as Dr. Springate. They carried out case studies and were in possession of complete data, which was not the case for Dr. Springate, and their findings were not the same as his.

Inquiries of the Ministry

[*English*]

INCENTIVE GRANTS—ALLEGED MISUSE BY CERTAIN COMPANIES—REQUEST FOR INVESTIGATION

Mr. James A. McGrath (St. John's East): Mr. Speaker, in view of the seriousness of the charges raised by Dr. Springate which concern 11 companies and involve over $34 million in public funds, and as these grants were made under the discretionary powers of the minister under RDIA, will the minister undertake an investigation into these charges?

[*Translation*]

Hon. Jean Marchand (Minister of Regional Economic Expansion): Mr. Speaker, each application is thoroughly examined together with financial statements. For existing companies, we study not only the balance sheet for the current year, but for the three previous years, something which Dr. Springate never did, having himself recognized that in all cases, he interviewed only about—

[*English*]

Mr. Speaker: Order, please.

Mr. McGrath: I have a further supplementary question, Mr. Speaker. In view of the charges that some of the applications were falsified, will the minister now undertake an investigation, or at least undertake to talk to Dr. Springate?

[*Translation*]

Mr. Marchand (Langelier): Mr. Speaker, if Dr. Springate or the member for St. John's East wish to tell us what company has admitted having falsified the applications, we are ready to lodge proceedings tomorrow morning.

[*English*]

Mr. McGrath: He will tell you.

Mr. Speaker: Order, please. We are obviously getting into a debate. The Chair will recognize the hon. member for Notre-Dame-de-Grâce and then a representative of the group to my extreme left.

Mr. Allmand: Mr. Speaker, I have a question for the Minister of Communications. Considering the recent ruling of the Canadian Transport Commission authorizing increases in Bell telephone rates, will the minister—

Mr. Speaker: Order, please. My impression was that the hon. member was rising on a supplementary question. Obviously I was wrong. I think we should complete the first round of questioning before going to another matter.

* * *

[*Translation*]

INDIAN AFFAIRS

JAMES BAY HYDROELECTRIC PROJECT—RESULTS OF MEETING BETWEEN MINISTER AND PREMIER BOURASSA

Mr. Henry Latulippe (Compton): Mr. Speaker, I should like to put a question to the Minister of Indian Affairs and Northern Development.

[Mr. Marchand (Langelier).]

Could he tell us whether he has met the Quebec premier in connection with the James Bay Indians and what have been the results of that meeting?

Hon. Jean Chrétien (Minister of Indian Affairs and Northern Development): Mr. Speaker, I expect to meet Mr. Bourassa tomorrow afternoon in Quebec City.

JAMES BAY HYDROELECTRIC PROJECT—ASSISTANCE TO INDIANS OPPOSED TO DEVELOPMENT—CO-OPERATION BETWEEN OTTAWA AND QUEBEC

Mr. Roch La Salle (Joliette): Mr. Speaker, as the Prime Minister invited me to do last Friday, I would like to direct a supplementary question to the Minister of Indian Affairs and Northern Development.

Recently, a group of Indians from Northern Quebec requested the support of the federal government in order to stop the work on the James Bay project. Can the minister tell the House today whether the government intends to answer this request in the affirmative? If not, can he confirm again that his government is still prepared to co-operate in this project within authorized limits while giving adequate guarantees to the groups concerned?

Hon. Jean Chrétien (Minister of Indian Affairs and Northern Development): To the first part of the question, Mr. Speaker, I shall answer that I have, since then, met with the Indians in my office where we had discussions. They are not at this time asking that the work be stopped altogether; they would prefer a negotiated settlement. That is why I shall meet with Mr. Bourassa tomorrow in order to make sure that the interests of the James Bay Indians are well protected.

[*English*]

Mr. Speaker: The right hon. member for Prince Albert.

Mr. Rock: I have a supplementary question, Mr. Speaker.

Mr. Speaker: The right hon. member for Prince Albert has the floor.

* * *

THE CANADIAN ECONOMY

INFLATION—REQUEST FOR TABLING OF STUDY OF CAUSES ALLEGEDLY SUBMITTED TO PRICES AND INCOMES COMMISSION CHAIRMAN

Right Hon. J. G. Diefenbaker (Prince Albert): Mr. Speaker, my question is directed to the Acting Prime Minister. As I look at the serried ranks of the cabinet, with only 40 per cent of its members present, I have to direct this question to him. I wish to ask him whether or not the government will table the findings of a study into the causes of inflation from 1965 to 1970 said to have been placed on the desk of Mr. John Young, chairman of the Prices and Incomes Commission, some months ago?

• (1430)

Hon. C. M. Drury (Acting Prime Minister): Mr. Speaker, I have no knowledge of this report placed on the desk of

Dr. John Young some time ago, but I will make inquiries as to its appropriateness for tabling.

Mr. Diefenbaker: Mr. Speaker, because it was of such importance I am sure it came before the cabinet. Did the researchers find that the government's rapid escalation of spending, at an average annual rate of 14 per cent between 1965 and 1970, was the principal cause of inflation during that period rather than wage increases?

Mr. Drury: Mr. Speaker, as a member of the cabinet I am still unaware of this report, so I do not know what it said.

Mr. Diefenbaker: That speaks very badly of a cabinet that does not know what is going on in connection with inflation. Would the minister look into this now because the House would like to know, the Prime Minister having stated in December, 1970, that inflation was licked?

Mr. Speaker: Order, please. I believe the hon. member for Regina East has a supplementary to the previous question. Perhaps we might try to have a few supplementaries and then go to the next questioner.

* * *

REGIONAL ECONOMIC EXPANSION

INCENTIVE GRANTS—ALLEGED MISUSE BY CERTAIN COMPANIES—SUGGESTED REVIEW OF DESIGNATED REGIONS AND SPECIAL AREA PROGRAMS

Mr. John Burton (Regina East): Mr. Speaker, I wish to direct a supplementary question to the Minister of Regional Economic Expansion. In view of the startling findings of Dr. Springate, which were made as the result of a study of specific cases involving 18 out of 25 large companies in receipt of grants, could the minister indicate whether he is going to undertake an overhaul of the designated regions and the special area programs when these come up for renewal in the very near future?

[*Translation*]

Hon. Jean Marchand (Minister of Regional Economic Expansion): Mr. Speaker, I can hardly see the relation between the first and second parts of the question but I think that the second one is really the root of the matter. Now, in the very near future, I will make a statement in the House on the designated and special areas.

[*English*]

Mr. Speaker: Hon. members will have noted that there are a few supplementaries sought on this subject. We have to make an attempt to move on. For the moment the Chair will recognize the hon. member for Yorkton-Melville and then the hon. member for Lachine.

INCENTIVE GRANTS—ALLEGED MISUSE BY CERTAIN COMPANIES—REQUEST FOR INVESTIGATION BY NON-PARTISAN BODY

Mr. Lorne Nystrom (Yorkton-Melville): Mr. Speaker, I wish to direct a supplementary question to the Minister of Regional Economic Expansion. In view of the seriousness of the charges made yesterday in the committee by Dr. Springate, would the minister undertake to appoint a non-partisan committee or authority to investigate these charges in order to see what is really happening?

[*Translation*]

Hon. Jean Marchand (Minister of Regional Economic Expansion): Mr. Speaker, I have great respect for Dr. Springate's academic skill. He made a study on my department and I think this can be very useful. He refused himself to identify any company or person he interviewed; he did not examine the financial statement of any company or any document on which our decisions are based. Therefore I regard his study as a serious one—

Mr. Speaker: Order, please. I regret having to interrupt the hon. minister but—

[*English*]

Obviously this is debate. I think we should try to move on to the next question. I will recognize first the hon. member for Lachine and then the hon. member for Peace River.

* * *

INDIAN AFFAIRS

SUGGESTED REQUEST TO QUEBEC PREMIER THAT INDIANS AND ESKIMOS OF JAMES BAY AREA BE GIVEN VOTE PROVINCIALLY

Mr. Raymond Rock (Lachine): Mr. Speaker, I would like to direct a question to the Minister of Indian Affairs and Northern Development in regard to his meeting with Premier Bourassa. Would he ask the Premier of Quebec to allow Indians and Eskimos in the James Bay area to vote provincially in the future? They do not have this franchise at present.

[*Translation*]

Hon. Jean Chrétien (Minister of Indian Affairs and Northern Development): Mr. Speaker, I am glad to inform the hon. member that the right to vote was granted to the Indians and Eskimos in Quebec for the last elections, before 1970.

[*English*]

Mr. Rock: Mr. Speaker, I understand they have not even a constituency in that area at present.

Mr. Speaker: Order, please.

* * *

IMMIGRATION

REQUEST FOR STATEMENT ON CIRCUMSTANCES OF ADMISSION OF PERSHING GERVAIS TO CANADA

Mr. G. W. Baldwin (Peace River): Mr. Speaker, I have a question for the Acting Prime Minister or, rather, for the Prime Minister who is just entering the chamber. I knew the right hon. gentleman could not resist me. Would the Prime Minister or a member of his government make a statement on motions tomorrow or before the end of this week regarding the case of Pershing Gervais, alias Paul

Mason, who is alleged to be in this country on a minister's permit from January, 1972, to January, 1973, as a result of special arrangements between the United States Department of Justice and officers of the Canadian government?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I must say I never heard of the gentleman, but I will be very glad to take notice of the question and see if a statement is called for in a case like this.

Mr. Baldwin: Would the Prime Minister also be good enough to investigate and report on the further allegation that Mr. Pershing Gervais is in this country partly as a result of statements made to him by a Canadian government official that there would be no problems with the Canadian government over immigration, entry, work permits and other regulations?

Mr. Trudeau: Mr. Speaker, I will be very glad to look into the matter. Perhaps the hon. member could jot down the name on a piece of paper so I would be able to trace it.

Mr. Baldwin: He is already on record.

* * *

[*Translation*]

HOUSE OF COMMONS

PRESENCE IN SPEAKER'S GALLEY OF SECRETARY GENERAL OF UNITED NATIONS

Mr. Speaker: Order. Perhaps the House will allow me to interrupt the question period for a moment in order to draw attention to the presence in the Speaker's Gallery of a distinguished visitor in the person of the Secretary-General of the United Nations, Mr. Kurt Waldheim.

As hon. members know, Mr. Waldheim is not a newcomer in our country. He was first minister plenipotentiary and later ambassador of Austria to Canada from 1956 to 1960. So, it is an old friend that we welcome today.

[*English*]

Mr. Waldheim was appointed Secretary General of the United Nations in succession to U Thant. He is the fourth incumbent of an office described as the highest to which a diplomat can aspire, and also as the most impossible job in the world.

Mr. Waldheim emphasized at the time of his appointment that the United Nations was an instrument of peace and that it was up to the member states to ensure that it fulfilled this role. The Secretary General, who has already been honoured and decorated by numerous countries, knows that he enjoys the confidence of a body representative of most of the nations of the world. We pray that under Mr. Waldheim's guiding hand the world organization will successfully fulfil the role for which it was destined.

Some hon. Members: Hear, hear!

[Mr. Baldwin.]

COMMUNICATIONS

BELL CANADA RATE INCREASES—SUGGESTED REPRESENTATIONS TO SECURE REDUCED RATES FOR PENSIONERS

Mr. Warren Allmand (Notre-Dame-de-Grâce): Mr. Speaker, I have a question for the Minister of Communications. Considering the recent ruling of the Canadian Transport Commission authorizing increases in Bell Telephone rates, would the minister contact the Bell Telephone Company and the Canadian Transport Commission to see if they could not arrange special reduced rates for pensioners similar to those which now apply on trains and aircraft?

Hon. Robert Stanbury (Minister of Communications): Mr. Speaker, this is an interesting idea which I have discussed with Bell officials informally on occasion, but it does appear that the law now prevents discrimination among customers. Therefore this is something which might be further discussed in the House, if the hon. member would like to do so.

BELL CANADA RATE INCREASES—GOVERNMENT ACTION RESPECTING TRANSPORT COMMISSION DECISION

Mr. David Lewis (York South): Mr. Speaker, may I ask the Minister of Communications some questions which I addressed to the Prime Minister yesterday arising out of the decision of the Canadian Transport Commission to grant the application for rate increases by Bell Canada totalling, as I mentioned yesterday, over $47 million a year. May I ask the minister whether he and his department are studying the matter with a view to taking action with respect to the decision of the Canadian Transport Commission?

Hon. Robert Stanbury (Minister of Communications): Mr. Speaker, I have asked my departmental officials to study the matter and they are doing so.

Mr. Lewis: May I draw the minister's attention, as I did with the Prime Minister yesterday, to the fact that both under a section of the Railway Act, section 335(4) if I remember correctly, and under a section of the Natural Transportation Act—

• (1440)

Mr. Speaker: Order, please. I have some reservations about the hon. member drawing sections of statutes to the attention of the minister. Perhaps the hon. member might like to ask the question. It might be easier for the Chair.

Mr. Lewis: Let me put it this way, Mr. Speaker. In view of the fact that under both the Railway Act and the National Transportation Act the government has authority (a) to demand all information in the possession of both the company and the commission and (b) to rescind or vary any order or decision made by the commission, is the minister giving consideration to rescinding the order of the commission so that Bell customers in Canada do not have to provide interest-free capital to this large corporation?

Mr. Stanbury: Mr. Speaker, the Minister of Communications has no authority under either of these acts to rescind the decision of the Canadian Transport Commission.

Mr. Lewis: I did not say the minister, I said the government.

Mr. Stanbury: I listened carefully to the hon. member. The fact is that there are many channels for seeking review of this decision open to any citizen as well as by the parties before the commission. There has been no suggestion made by any of these parties or any citizen yet to the government or to the commission for such review. When the study by my department, to which I referred a few minutes ago, is completed we will certainly consider whether or not any action by the government is warranted.

Mr. Lewis: Mr. Speaker, in view of the fact that the section of the National Transportation Act to which I have referred gives the Governor in Council authority, of his own motion, to rescind or vary any decision of the commission, may I ask the minister whether he will see to it that the government will consider rescinding this totally unjustified third increase in Bell Telephone rates in the last two or three years?

Mr. Speaker: Order, please. The hon. member for Calgary North.

* * *

DRUGS

MARIJUANA—ALLEGED STATEMENT BY HEALTH MINISTER OPPOSING LEGALIZATION OF POSSESSION AND USE—GOVERNMENT POLICY

Mr. Eldon M. Woolliams (Calgary North): Mr. Speaker, I should like to put a question to the Minister of National Health and Welfare. I have already put this question to the Prime Minister yesterday. When the Minister of National Health and Welfare was speaking in Hamilton over the weekend, I believe, he stated to a group of students that he was opposed to the legalization of marijuana and hashish. Was he speaking for the government and is that the government's policy?

Mr. Speaker: Order, please. The hon. member knows that he can ask only the Prime Minister, or somebody answering on behalf of the Prime Minister, to say whether a statement represents government policy.

Mr. Woolliams: Then I direct the question to the Prime Minister who took notice of it yesterday.

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I heard the Minister of National Health and Welfare say that he did not make the statement which the hon. member attributes to him.

Mr. Woolliams: Then possibly I can now put this question to the Minister of National Health and Welfare. After listening to the answer given by the Prime Minister, does he say that he was misquoted in the Montreal *Star* which carried the headline, "Munro Opposes Legalizing Possession Of Pot"? He is alleged to have said that in a speech to students in Hamilton. Does he take the position that he was misquoted?

Hon. John C. Munro (Minister of National Health and Welfare): Mr. Speaker, I am taking no position on being misquoted or otherwise, knowing the free way in which the hon. member quotes. What I said in Hamilton was that we would study the Le Dain Commission report and on the basis of that study come to a conclusion on whether we would adopt the recommendation with reference to removing the offence of simple possession of marijuana. I also reiterated the concern of the Le Dain Commission about the effects of marijuana on adolescents.

Mr. Woolliams: I have a further supplementary, and before I put it may I suggest that I was not quoting myself but was quoting from a newspaper clipping. May I ask the minister whether he has now placed the report before cabinet and has he made recommendations to cabinet with reference to the report of the Le Dain Commission, particularly with reference to the legalization of marijuana and hashish?

Mr. Munro: No, Mr. Speaker. The report has just been in the possession of my department for a matter of days. We are studying it and preparing recommendations to cabinet, but this will take a little while yet.

LE DAIN COMMISSION RECOMMENDATION RESPECTING MARIJUANA—INQUIRY AS TO INSTRUCTIONS TO CROWN AGENTS

Mr. Eldon M. Woolliams (Calgary North): Mr. Speaker, may I put a supplementary to the Minister of Justice. In light of the recommendations made by Mr. Le Dain, have any instructions gone forward to the special agents representing the Department of Justice in reference to prosecutions for the use and possession of marijuana?

Hon. Otto E. Lang (Minister of Justice): Mr. Speaker, I would want to check whether any action of any sort has been taken by the department so far on the basis of the report. So far as I know none has been taken.

* * *

[*Translation*]

SOCIAL SECURITY

DISCUSSION BETWEEN OTTAWA AND QUEBEC ON POSSIBLE AMENDMENTS TO FAMILY INCOME SECURITY PLAN

Mr. Adrien Lambert (Bellechasse): Mr. Speaker, I wish to direct my question to the Minister of National Health and Welfare. Can the minister indicate to the House whether discussions have taken place for the past few days at the minister level with the minister of social affairs of Quebec with respect to Bill C-170 concerning family allowances so that certain amendments suggested by Quebec can be made?

[*English*]

Hon. John C. Munro (Minister of National Health and Welfare): Yes, Mr. Speaker. Discussions at the official

level have been going on for some time with respect to family allowances.

* * *

AIRPORTS

PLANS FOR EXPANSION OF VANCOUVER INTERNATIONAL AIRPORT—ACQUISITION OF CORA BROWN PROPERTY—STUDY OF FUTURE USE OF BURKEVILLE AREA

Mr. G. H. Aiken (Parry Sound-Muskoka): Mr. Speaker, my question is for the Minister of Transport and is further to a previous question concerning the expansion of Vancouver International Airport. Has the minister given final approval to an agreement to acquire the area known as the Cora Brown property?

Hon. Donald C. Jamieson (Minister of Transport): No, Mr. Speaker. Final approval to that effect has not been given. There have been continuing discussions with the residents concerned, but they have not been finalized as of this moment so far as I know.

Mr. Aiken: May I ask the minister whether he has approved a grant of funds to study the future use of the Burkeville area?

Mr. Jamieson: Mr. Speaker, I am not sure I can identify the Burkeville area precisely as such. What I have done is to indicate that we will prepare over-all plans for the future use of the whole of Sea Island and I presume that would include this area.

* * *

URBAN AFFAIRS

FEDERAL SPENDING—INQUIRY AS TO REVIEW TO ACHIEVE CLOSER CO-OPERATION IN LIGHT OF STATEMENT BY QUEBEC MINISTER

Mr. S. Perry Ryan (Spadina): Mr. Speaker, I have a question for the Prime Minister. In light of the statement by Quebec's Minister of Intergovernmental Affairs, the Honourable Gerard Levesque, that federal urban spending hurts more than it helps, is it the intention of the government to review its urban spending with a view to closer co-operation with the aims of provincial and municipal governments?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, without admitting in any way the veracity of the allegations of the so-called minister—I mean the so-called allegations of the minister—

Some hon. Members: Oh, oh!

Mr. Hees: You have done it again!

Mr. Trudeau: —the House does know that arrangements have been proposed for a tri-level meeting where representatives of the federal, provincial and municipal governments would come together to discuss this very problem. The House knows that the federal government has been interested for many months now in finding a process whereby we would be able to discuss these problems with the municipalities. It appears that such a process has been discovered and it was referred to in the House just a few days ago by way of an announcement.

Mr. Baldwin: Will Paul Hellyer sit in on it?

GOVERNMENT POSITION RESPECTING TRI-LEVEL CONFERENCE OR NATIONAL URBAN COUNCIL

Mr. S. Perry Ryan (Spadina): As a result of the meeting of the Canadian Federation of Mayors and Municipalities has the government abandoned its objective of a national urban council in favour of an annual tri-level conference only?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, the government has abandoned nothing. It is looking jointly with the provincial and municipal administrations for ways in which they can come together to discuss the very problem which concerns the hon. member. I repeat that a decision has been made and a report has been made by the working group to me and to the other first ministers recommending such a meeting for later this year—in the fall presumably. It has not been decided yet whether it would be an annual meeting, whether it would be ongoing or otherwise. It is the first coming together of these three levels of government.

Mr. Speaker: Order, please. There are just ten minutes before the end of the question period. If each hon. member asks one question and two or three supplementaries we will fast reach the end before we can give an opportunity to other members to ask questions. I would recognize the hon. member for Spadina for a last supplementary.

SUBJECTS FOR DISCUSSION AT TRI-LEVEL CONFERENCE

Mr. S. Perry Ryan (Spadina): Is the Prime Minister in a position to indicate whether federal-municipal tax-sharing agreements will be a subject of discussion at the forthcoming tri-level urban conference in November and, if so, would he indicate what the federal government's position on the matter will be?

Mr. Speaker: Order, please. I have very serious doubts about the question. Certainly the first part of the question could very well be placed on the order paper. The second part would invite a rather lengthy statement which should be made on motions. However, if the Prime Minister can reply briefly he will be allowed to do so and then the Chair will recognize the hon. member for Greenwood.

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, at this time various authorities are still involved in setting up this consultative process, and I hope it will be successful. The federal government has been pressing for it, but at this stage it is too early to talk about the details of an agenda or the position of the government on this hypothetical agenda.

• (1450)

EXTERNAL AFFAIRS

RHODESIA—INQUIRY AS TO STATEMENT ON CANADIAN POLICY FOLLOWING PEARCE COMMISSION REPORT

Mr. Andrew Brewin (Greenwood): Mr. Speaker, my question is to the Secretary of State for External Affairs. He was good enough to send us a copy of a statement made by him on the subject of Canadian policy toward Rhodesia following the Pearce commission report. Does he propose to make that statement in the House?

Hon. Mitchell Sharp (Secretary of State for External Affairs): Mr. Speaker, it had been my intention to do so. If at the end of the question period hon. members will agree to revert to motions, I will be happy to do so. Otherwise, it will be published.

STRATEGIC ARMS LIMITATION—REPORTED AGREEMENT BETWEEN UNITED STATES AND SOVIET UNION—PRIOR ADVICE TO CANADA ON CONTENTS

Mr. Murray McBride (Lanark-Renfrew-Carleton): Mr. Speaker, my question is for the Secretary of State for External Affairs. It is further to one I raised on May 5 concerning strategic arms limitation and the talks that have been going on between the U.S.A. and the U.S.S.R. In view of reports that such an agreement has been signed in Moscow today, will the minister advise whether Canada was informed as to the contents of this agreement prior to the signing?

Hon. Mitchell Sharp (Secretary of State for External Affairs): Mr. Speaker, the United States government kept all members of NATO, including Canada, generally informed. I hope that the report the hon. member has received is true because we have been very much interested in success for the SALT talks. I know the House will join with me in congratulating the two super powers on having agreed to some limitation of these weapons.

Some hon. Members: Hear, hear!

DANISH POSITION ON HIGH SEAS SALMON FISHING—SUGGESTED STRONG STAND BY CANADA

Mr. Thomas M. Bell (Saint John-Lancaster): Mr. Speaker, I have a question for the Secretary of State for External Affairs. In view of the continuing leaks from the Danish government about their selfish position with regard to high seas salmon fishing, is the minister now, the day before the conference in Washington begins, prepared to really take the gloves off and get tough in regard to our position on such fishing?

Hon. Mitchell Sharp (Secretary of State for External Affairs): Mr. Speaker, my purpose is not to get tough. My purpose is to achieve results. I think that the kind of attitude we have been taking, which has been a reasonable one and one that will appeal to all nations, is the best way of getting the Danish government to change its mind.

Inquiries of the Ministry

HEALTH

SUGGESTED INCREASE IN HEALTH RESOURCES FUND TO ENABLE TRAINING OF MORE GENERAL MEDICAL PRACTITIONERS

Mr. P. B. Rynard (Simcoe North): Mr. Speaker, my question is for the Minister of National Health and Welfare. In view of the very serious and increasing shortage of general practitioners in Canada, 25,000 short in the next 20 years as indicated by the Canadian Medical Association, has the minister any plans to increase the health resources fund to help provide training facilities at universities?

Hon. John C. Munro (Minister of National Health and Welfare): Mr. Speaker, the hon. member should be aware that there are considerable moneys left unexpended in the health resources fund. That is the first point. The second point is that there is a good deal of controversy about whether there is a shortage of physicians, either now or in the long term, as the hon. member also knows.

* * *

AIR TRANSPORT

RESPONSE TO REQUESTS BY FRANCE AND GREAT BRITAIN FOR SUPERSONIC FLIGHT CORRIDORS OVER CANADA

Hon. J. A. MacLean (Malpeque): Mr. Speaker, I wish to address a question to the Minister of Transport. Is the minister in a position to report what Canada's response has been to France and Great Britain with regard to their request that supersonic aircraft be allowed to fly through certain designated corridors over Canada at supersonic speeds?

Hon. Donald C. Jamieson (Minister of Transport): Mr. Speaker, we have made no response to either of the countries concerned in relation to this request. Our policy remains what it has been, that flight at supersonic speed is not permitted over any Canadian air space.

* * *

EXTERNAL AFFAIRS

PROPOSED NUCLEAR TEST BY FRANCE—SUGGESTED GRANT TO "GREENPEACE III"

Mr. Mark Rose (Fraser Valley West): Mr. Speaker, my question may be supplementary in a way to the earlier question about strategic arms limitation directed to the Secretary of State for External Affairs. In view of the fact that the policy of the government of Canada is one of opposition to further nuclear proliferation, and in view of the fact that the government of Canada has directed a note to the government of France protesting the proposed Pacific nuclear atmospheric tests, is the government considering making any kind of grant to the fund-short *Greenpeace III* voyage so the work of this foundation can be continued and enhanced?

Inquiries of the Ministry

Hon. Mitchell Sharp (Secretary of State for External Affairs): No, Mr. Speaker. I do not think it would be in the interests of either the *Greenpeace* men or the Canadian government to do that. I spoke to the sponsors of this project some time ago. I said that the best help they can give to this kind of protest is voluntary help which is not associated with the government.

Mr. Rose: I have a supplementary question for the Prime Minister. Does the Prime Minister plan to take a similar initiative and wire the good wishes of the government to *Greenpeace III* as he did on the Amchitka voyage of *Greenpeace II*?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I will send the hon. member a copy of the telegram that I sent to the *Greenpeace II* mission and the hon. member may want to consider whether it is to be interpreted in the way his question was posed.

* * *

[*Translation*]

REGIONAL ECONOMIC EXPANSION

CABANO—ALLEGED REFUSAL OF GRANT FOR CONSTRUCTION OF CARDBOARD PLANT—REQUEST THAT MINISTER REASSURE LOCAL RESIDENTS

Hon. Martial Asselin (Charlevoix): Mr. Speaker, I wish to ask the Minister of Regional Economic Expansion a question.

The citizens of Cabano are quite worried following the news yesterday that the federal government would not grant $8 million for the construction of a cardboard factory in Cabano. Would the minister reassure the people of Cabano by stating that the government will indeed grant the funds necessary for the realization of this project of utmost importance?

Hon. Jean Marchand (Minister of Regional Economic Expansion): Mr. Speaker, the population need neither worry nor rejoice because the case is not closed and no decision has been reached as yet. As soon as it is, all those concerned will be advised accordingly.

* * *

[*English*]

AIR TRANSPORT

NEGOTIATIONS BETWEEN CANADA AND PEOPLE'S REPUBLIC OF CHINA

Mr. Heath Macquarrie (Hillsborough): Mr. Speaker, I should like to direct a question to the Minister of Transport. Can the minister advise as to the result of the negotiations for the establishment of air service between Canada and the Peoples' Republic of China, in particular with reference to the designated carrier and the appropriate landing rights in Japan?

Hon. Donald C. Jamieson (Minister of Transport): Mr. Speaker, I can only advise on the first part of the hon. member's question. Talks were held in Peking which were quite successful in terms of resolving a number of technical and related questions. There will have to be a second round of talks. Of course, any relationship to any other country in regard to landing rights is not yet resolved. In partial answer, I might say we will have negotiations with Japan, as I recall, in June of this year.

* * *

TRANSPORT

IMPROVEMENT OF TOBERMORY-SOUTH BAY FERRY SERVICE

Mr. P. V. Noble (Grey-Simcoe): Mr. Speaker, my question is for the Minister of Transport. Can the minister advise the House when we may expect something definite with regard to improved ferry service between Tobermory and South Bay?

Hon. Donald C. Jamieson (Minister of Transport): Falling back on the standard answer, Mr. Speaker, soon, and I mean within a few days.

* * *

SHIPPING

ALLEGED DIRTY CONDITION OF SHIP LOADING FOOD FOR BANGLADESH

Mr. Barry Mather (Surrey-White Rock): Mr. Speaker, I have a question I would like to ask the Minister of Transport. It has to do with a vessel now loading part of Canada's gift of food to Bangladesh in Vancouver harbour. The name of the vessel is the *Philippine Admiral*. Will the minister give consideration to looking into the complaints of 50 longshoremen working on that vessel as to the alleged dirty condition of this food ship?

Hon. Donald C. Jamieson (Minister of Transport): Mr. Speaker, whenever it is called to my attention that an "Admiral" is dirty or otherwise, I am glad to look into it.

* * *

CANADIAN BROADCASTING CORPORATION

DISPUTE WITH NABET—TELEGRAM FROM UNION REQUESTING MINISTER OF LABOUR TO REVIEW NEGOTIATIONS

Mr. Lincoln M. Alexander (Hamilton West): Mr. Speaker, my question is for the Minister of Labour. It concerns a question I asked him the other day regarding a telegram sent to him by the NABET people asking the minister to review the negotiating process and the discussions between the CBC and NABET. The minister said he had the matter under study. In view of the importance of an early decision being reached for obvious reasons, has the minister come to any definite conclusion as to what the next move will be as far as his department is concerned?

Hon. Martin P. O'Connell (Minister of Labour): Mr. Speaker, I had the opportunity this week of meeting informally with representatives of NABET. The federal mediation service is at the disposal of both parties to this dis-

pute. I am hopeful they will make use of this mediation service and that some significant progress will be made quickly.

Mr. Alexander: Will the minister tell us whether the proposal submitted by him has been accepted by both parties, or is this still up in the air?

Mr. O'Connell: Mr. Speaker, I am not making proposals to the parties. I am not acting as a mediator in this dispute. The officers of the department are available as mediators. Both parties know that the federal government is prepared to make a mediator available over a longer period of time after a settlement has been reached. We stand by that offer.

* * *

• (1500)

GRAIN

WHEAT—INQUIRY AS TO MEASURES TO PRESERVE UNITED KINGDOM MARKET

Mr. Gordon Ritchie (Dauphin): Mr. Speaker, I have a question for the minister in charge of the Wheat Board. Having regard to the widespread concern which has been expressed that Canada will find increasing difficulty in selling wheat to the United Kingdom, has the minister instituted any new measures to preserve our market in that country.

Hon. Otto E. Lang (Minister of Justice): I can assure the hon. member that the Wheat Board is in constant touch with our buyers and takes all logical steps to assure that market as well as markets in all other countries.

* * *

POLLUTION

DATE OF PUBLICATION OF REGULATIONS UNDER NORTHERN INLAND WATERS ACT

Mr. Doug Rowland (Selkirk): Mr. Speaker, my question is addressed to the Minister of Indian Affairs and Northern Development. On May 1 I asked him a question on a matter of some urgency in light of recent oil finds in the Arctic, namely, when the regulations under the Northern Inland Waters Act would be completed and published. The hon. gentleman took the question as notice and undertook to look into the matter. I wonder whether he is now in a position to reply?

[*Translation*]

Hon. Jean Chrétien (Minister of Indian Affairs and Northern Development): Mr. Speaker, the act has been proclaimed and I understand that the regulations are being considered by the two councils which have been established in order to implement them. I think that a meeting has been held last week and as soon as the report is submitted, we shall be able to proclaim these regulations. Meanwhile, officials of my department have advised the companies that they should abide by the regulations as if they were actually in force.

[*English*]

INTENTION RESPECTING PROCLAMATION OF ARCTIC WATERS POLLUTION PREVENTION ACT

Mr. Erik Nielsen (Yukon): I have a supplementary question for the minister. Is it the intention of the government to proclaim the Arctic Waters Pollution Prevention Act? If not, why not; and if so, when?

[*Translation*]

Hon. Jean Chrétien (Minister of Indian Affairs and Northern Development): Mr. Speaker, I have advised this House that we could not proclaim it right now because if we did we would have, in the present context, to delay the activities in the port of Churchill. But we think that we have found a solution to the legal problem which had developed following the passing of this new legislation, and we should be able to proclaim the act for the next navigation season in the north.

* * *

[*English*]

DRUGS

VOTE AT UNITED NATIONS ON LEGALIZING POSSESSION AND USE OF MARIJUANA—REASON FOR CANADIAN ABSTENTION

Hon. Mitchell Sharp (Secretary of State for External Affairs): Mr. Speaker, may I have permission to answer a question which was put to me by the hon. member for Calgary North?

Mr. Speaker: Order, please. We have gone beyond the end of the question period, but with unanimous consent the minister might be allowed to reply. Is it agreed?

Some hon. Members: Agreed.

Mr. Sharp: The hon. member asked me whether a vote had been taken in the United Nations with respect to the legalization of marijuana. Then he asked if I was able to inform the House whether all other nations had voted against the proposition while Canada abstained.

On May 17 a vote was taken in the social committee of the Economic and Social Council on a resolution entitled "Abuse of Cannabis and Multiple Drug Abuse." This resolution was adopted by the social committee with 41 members in favour, none opposed, and three abstentions, namely, Canada, the Netherlands and Trinidad-Tobago. The Canadian delegation explained, as it did when a similar vote was taken earlier on the narcotics convention at Geneva, that it abstained from voting because the subject matter of the resolution formed part of the mandate of the commission of inquiry into the non-medical use of drugs whose report had not yet been given governmental consideration.

Mr. Speaker: Orders of the day.

Mr. Sharp: Mr. Speaker, as I indicated earlier in reply to a question, I would be happy to make a statement on Rhodesia if there is agreement to revert to motions for that purpose, but if there is not disposition to grant this permission perhaps I might at least have the privilege of

tabling the statement which I think would be of interest to hon. members.

Mr. Baldwin: Mr. Speaker, we would prefer that the hon. gentleman table it. I am sure that hon. members who are interested in it would be ingenious enough to find an opportunity in the unabridged question period outside the House to make their views known.

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, as the Secretary of State for External Affairs distributed copies of this statement earlier so that it might be made here rather than outside to the press, we would prefer to revert to motions so he can make the statement now and other members can comment on it.

Mr. Speaker: It appears there is not unanimous consent.

[*Translation*]

The hon. member for Lotbinière realizes that he would need the unanimous consent and the House has already indicated that there is not unanimous consent.

[*English*]

In the circumstances, the Chair will have to call orders of the day.

Mr. Baldwin: There is unanimous consent to revert to motions for the purpose of tabling the document, if that is agreeable.

Mr. Speaker: Does the minister have leave of the House to table the document to which he has referred?

Some hon. Members: Agreed.

[*Translation*]

GOVERNMENT ORDERS

THE BUDGET

FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

The House resumed from Tuesday, May 23, consideration of the motion of Hon. John N. Turner (Minister of Finance), that this House approves in general the budgetary policy of the government, and the amendment thereto of Mr. Lambert (Edmonton West), (page 2178).

Mr. André Fortin (Lotbinière): Mr. Speaker, I should like to resume and conclude the remarks on the budget which I started yesterday.

In April 1972, the new Minister of Finance (Mr. Turner) tabled an Economic Review designed to restore the fortunes of the government of the Prime Minister (Mr. Trudeau). In the first paragraph, on page 7, one can read that even if "demand and production in the Canadian economy have been advancing at a strong space since 1970—higher than in any year since 1966—yet, and I quote:

—in spite of this, the unemployment rate remained high.

This is a clear recognition of the administrative failure of this government. Apparently, it does not understand that the consumers' purchasing power must be increased,

considering Canada's huge power of production. As a comprehensive proof of this assertion, I shall quote another excerpt of this report, to be found at page 7:

A principle source of strength in demand during 1971 as compared to 1970, was in a category of expenditures that may be described as postponable consumer spending. This includes expenditures on durable goods (such as new cars and home furnishings), semi-durable goods (which include clothing and household items like linens and draperies) and new residential construction. Postponable consumer spending increased by $1.4 billion or almost 12 per cent in 1971.

Mr. Speaker this shows how huge are the consumers' needs and how limited is their purchasing power. It happens that the Canadian people get into debt in proportion. There lies the problem, and nowhere else! Obviously, the purchasing power of consumers must be increased if the national production is to be disposed of. Otherwise, poverty will increase in the midst of plenty.

Mr. Speaker, I should like to remind the right hon. Prime Minister that on his visit to Victoriaville he stated that the main right of the individual is not the right to work but the right to live decently in his country and that, in any event, machine is replacing man more and more. That means, and this is logical, that the government will have to find the financial mechanism required to ensure a guaranteed income to every Canadian, according to the economic situation, to make up for the inconveniences inflicted by progress.

I find the study of the monetary system fascinating and my colleagues of the other parties should also be fascinated by it. I find it very satisfying as I feel that I am participating actively in a field that is intrinsically related to the common good. It is interesting to see all the intellectual contorsions bankers go through to make us accept straight away their monetary system, which is really a clever utopia.

Their intellectual fervor does not keep them from recognizing the existence of a very eloquent situation. Thus, in a brief recently published by the Bank of Canada, the admission is made in a style that is unbelievably technical and monetary, and I quote:

The economic policy of public powers (including the monetary policy) must therefore, to some extent, be applied by trial and error on the basis of insufficient data.

• (1510)

That is the most surprising standard of management in a field as important as that of currency, the economic blood of this country. No wonder that such disorder causes such calamities, including inflation.

The only suitable explanation is that the government is a counterfeiter. I will try to point out the causes of the inflationary upsurge which seems to have taken responsible people by surprise, especially on account of its persistence, and the more so since the fight against inflation in which the government has been engaged for four years was a total failure, and was done at the expense of the small wage earners, the poor and the unemployed.

It is obvious that it will not recognize the real causes of inflation, which seems to have become chronic. It would rather use it as a Trojan horse to win elections. There was a time when one could foresee inflation through an analysis of certain distinctive conditions. It was the lack of

consumer goods as against strong purchasing power. Today, we find that products are in abundance while there are human needs that the purchasing power is not great enough to meet. Such a situation dumbfounds the intellectuals in banking circles.

I will allow myself to describe the inflationary situation as I see it.

First, the real cause of that calamity, inflation, is the upholding by the state of an unaccountable privilege granted to the chartered banks. Society reacts in its own ways but its reactions are rather quiet and hard to detect. One may resort to clever propaganda, but the individual always gives way under the dictatorial power.

Secondly, the bank has absolute and unquestioned control over Canada's common good, with its privilege to control credit and, indirectly, currency. As the bank has the power to charge interest on its loans, it therefore requires a larger repayment than the amount it liberates. That is another cause of the unrest exerting such a great influence on prices. At the beginning, we had a deficit monetary system.

Thirdly, our current accounting system makes prices more consistent with economic reality. Also prices are more scientifically computed and take all circumstances into consideration. Accounting takes into account mainly two basic factors that influence prices: investment and distribution of buying power. I do not think that a bank can add any value to money. It can only be an inflation factor.

Fourthly, this is a time of specialization. Our economic experts in monetary science are certainly playing a major role, but it cannot be considered efficient. The state of confusion of our economy is indicative of the lack of a sense of responsibility on the part of our government in the monetary field. Its bad influence can be seen in the professional defence organizations.

I have no time to determine the reasons for this fact, but we should admit that the experts are refusing to analyze the factors that influence prices. They fail to see that two parallel forces contribute to the establishment of prices, namely investment and buying power. Presently, the consumer is suffering from the impact of those two forces which are crushing him. Actually, the buying power should be used only to pay the very product consumed. The investment portion will never become the consumer's property. It will always be the producer's property and this is not bad. However, we should balance the buying power to meet the consumer's needs. Our banking system cannot take this technique into account and the government is doing nothing to eliminate this absurdity. It is its slave. In the past, the individuals picked up the tab, because they lost some money. Presently, with the power of defence organizations and accounting, the whole burden of production costs is reflected in prices and so is degenerating into continuing inflation at the expense of the average or small taxpayers.

Mr. Speaker, in conclusion I would like to repeat what I said yesterday, namely that the succeeding governments—Grits or Tories—have created shameless poverty in Canada, a country which ranks second in the world in wealth.

Mr. Speaker, this is an obvious paradox which is being willfully maintained. Still more serious, poverty and richness exist side by side in Canada.

Mr. Speaker, if the government fails to take immediate action in order to set up a financial mechanism known as social credit, that is socialization of credit, so as to enable every member of our society to have enough economic blood to participate fully in the economic, social and political life of his country and so as to respect both the freedom and the security of the individual, that will soon be the end of Canada, which is already in progress.

We need only look at the events occurring in Quebec: unions are clamouring for job security. But why? To work? Do we work for the fun of it or to secure at the same time a minimum adequate income? Obviously, the two go together and most often very few workers are willing to work 45 hours a week unless they can be sure of a suitable income.

It is ridiculous that with progress and automation people should lose their jobs through illness or old age or else because they have too many diplomas or not enough, for lack of experience or too much of it.

It means, Mr. Speaker, that within a maximum of five years the government will have to find some financial system allowing those who are leading marginal lives to live fully and build their country, failing which our society will collapse, and we will not build the country.

I am surprised to note that since I have been in the House, whenever I speak of the constitution, of abortion, of homosexuality, of the flag, of federal-provincial relations, of social or external policy, we have lively debates, everyone participates and benefits, everything goes smoothly but when I speak of monetary problems, of people's purchasing power, then all those Grits and Tories who were flying at each other's throats suddenly unite to fight the Social Credit doctrine.

Mr. Speaker—

The Acting Speaker (Mr. Boulanger): Order, please. I am sorry to interrupt the hon. member, but his time has expired.

Mr. Fortin: Mr. Speaker, I only need two more minutes.

The Acting Speaker (Mr. Boulanger): Order, please. Does the House agree to allow the hon. member for Lotbinière to go on with his speech?

Some Hon. Members: Agreed.

Mr. Fortin: Thank you, Mr. Speaker, and I also thank my colleagues for their kindness; I can assure them that I will not abuse this privilege.

Mr. Speaker, I end my speech with these questions and I would advise my colleagues to ponder seriously over them.

[*English*]

The Acting Speaker (Mr. Boulanger): Is the hon. member rising on a point of order?

Mr. Deachman: Mr. Speaker, I heard some noes in the chamber. There are on the list members of the House who

want to speak today. If we decide to extend time there will be members who would like to speak today but will be denied the privilege. I think we should stay within the rules.

[*Translation*]

The Acting Speaker (Mr. Boulanger): Order. It seems that there is no unanimous consent.

Mr. Fortin: Mr. Speaker, on a point of privilege.

The Acting Speaker (Mr. Boulanger): The hon. member for Lotbinière on a point of privilege.

Mr. Fortin: Mr. Speaker, I understand that unanimous consent was given a moment ago and the House cannot revert it. Besides, I wish to point out to the previous speaker that the remark that he has just made is very ungracious in view of the fact that yesterday we gave unanimous consent to allow the Minister of Agriculture (Mr. Olson) to continue his remarks. I suggest that my hon. colleague should show the same consideration to us as we did to a member of his party.

• (1520)

The Acting Speaker (Mr. Boulanger): Order. I must admit that there was unanimous consent, in the first place, to allow the hon. member to go on with his sppech for a few more minutes. Therefore, if the hon. member for Vancouver Quadra (Mr. Deachman) agreed, I think we might overcome this difficulty, since it is a matter of only one or two more minutes.

Mr. Deachman: I agree to grant him two more minutes.

The Acting Speaker (Mr. Boulanger): Order. The hon. member has quite understood that the House agrees to grant him two more minutes.

Mr. Fortin: Mr. Speaker, when one wants to understand, two minutes are enough. One can do more in two minutes than in two hours, if one wants to.

Mr. Speaker, I simply ask these two questions to my colleagues. How is it that we have, in this House, the authority to undertake numerous reforms and inquiries to have reports made which will be consigned to oblivion, on any subject matter but one, which is very important: the banking and monetary system? How is it that no hon. member finds it important to attack this golden calf known as high finance in Canada?

How is it, Mr. Speaker, that every member of this House recognizes that every Canadian's problem relates to money. They all admit that money is insignificant, but when you do not have it, you cannot administer anything. While this problem affects every province, every municipality and every school board, how can we accept to undertake reforms in all these areas, to look fully into these subjects for hours, at the cost of several million dollars, when we refuse to deal with the basic problem, namely the monetary system?

During the last 20 seconds remaining to me, Mr. Speaker, I shall suggest that it is high time we enabled each Canadian to get his share of the national production, so that he can really live in his country and develop in

[Mr. Deachman.]

self-respect, in freedom and security. That is the only way to build Canada in peace, in mutual respect, otherwise—and I regret having to repeat it—the structures will collapse and violence will erupt. This has already started, and those responsible will be those who have maintained the system in the pay of high finance.

[*English*]

Hon. P. M. Mahoney (Minister of State): Mr. Speaker, it is not inappropriate for me to follow a spokesman for the Social Credit party in taking part in this budget debate, inasmuch as I intend to devote a good deal of my allotted time to a discussion of the Stanfield "constant dollar" plan. Lest I be charged with being unparliamentary in using the name of the Leader of the Official Opposition (Mr. Stanfield), let me hasten to say that I have derived the designation from a Progressive Conservative press release dated May 18. I assume, therefore, that the leader of the opposition approves of the designation. It is not inappropriate that this discussion should follow along in the context of a Social Credit exposition, because many commentators have noted that it is a sort of "funny money" exercise without, however, benefiting from the respectability that a measure of antiquity has given Social Credit.

In his speech in the House on May 15, the Opposition leader observed that unemployment "constitutes the principal challenge which faces the government in 1972". I agree with him, so does the Minister of Finance (Mr. Turner) and so does the government. That is what the May 8 budget was all about—jobs, jobs and more jobs. Having identified the principal challenge, however, the opposition leader advanced two ideas neither of which, whatever their merit otherwise, would contribute significantly to creating jobs for Canadians. He suggested an increase in old age security payments, the payments made to our senior citizens regardless of need, in precisely the same amounts that the budget proposed to increase the guaranteed income supplement, payments made to our senior citizens who are in most need.

Looked at in the context of a measure to create jobs, this proposal falls flat on its face. The Conservative press release calls it the Stanfield pension alternative and estimates its net cost at $102 million over and above the cost of the government's proposal. The Stanfield pension alternative would have had the effect of putting an extra $100 million in the hands of our senior citizens, those not in the greatest need. No doubt a good portion of this would be spent on consumer goods, but the leader of the opposition must be aware that slow consumer spending is not a problem in Canada and has not been for a long time.

Total retail sales increased by 12.6 per cent in April, 1972, over April, 1971. Even the most casual observer of the Canadian economic scene, such perhaps as the Leader of the Opposition, should recognize that further direct stimulus to consumer spending is far more likely to be counterproductive because of its inflationary effect than of value in creating jobs.

Then, too, there is the principle of the thing. I do not think Canadians feel that the government is better able than they are to manage their personal financial affairs. The day is past in Canada when our citizens will sit cheerfully by and pay taxes at a level necessary to main-

tain adequate levels of social assistance on a universal basis regardless of need. Canadians do not begrudge adequate social assistance payments to their fellow citizens who are in need, and in fact that is what we have done in the budget for our senior citizens in need, for our veterans and their dependants. These proposals of May 8 assure a continuation of the most generous of such programs in the world. They are perhaps not as generous as we would like, but they are as generous as we can presently afford and the best available in the world. We can, and we will, do better as we are able to afford it. The record of this and preceding Liberal governments is a firm testimonial to that.

In 1963 there was no guaranteed income supplement and old age security payments stood at $65 per month for senior citizens aged 70 or more. In 1964 the old age security was raised to $75 and in 1965 the age of eligibility was reduced to 65. A $30 guaranteed income supplement was introduced in 1966 and a cost of living escalation with a 2 per cent ceiling was introduced. In 1970 the old age supplement was fixed at $80 and the escalation applicable to it alone was removed. The guaranteed income supplement was increased to $55 for single persons and $95 for married couples and, of course, the escalation with the 2 per cent ceiling on combined old age supplement and the guaranteed income supplement payments continued.

In the past few days parliament has, at the government's initiative, amended the Old Age Security Act to provide for cost of living escalation, without a ceiling, for both old age supplements alone and combined old age supplements and guaranteed income supplements. It also increased the guaranteed income supplement to $70 per month for single persons and $125 for married couples. In summary, during a decade of Liberal governments our most needy senior citizens have seen their pensions increase by over 130 per cent, from $65 to $150 per month if single and by almost 120 per cent, from $130 to $285 per month, if a married couple.

The other proposal to meet the challenge of unemployment is the Stanfield "constant dollar" plan. Again, whatever its possible merits, it does nothing about jobs. Rather, it is a bit of fiscal sleight of hand designed to achieve one thing and one thing only. It is designed to prevent the inflationary element in an increase in income from moving a taxpayer into a higher tax bracket. The opposition leader claims that it would also give parliament greater control over government spending, but this point is entirely fatuous.

Parliament controls government spending through its review of budgetary proposals on the revenue side and a review of estimates on the expenditure side. Nothing in the Stanfield "constant dollar" plan would change that. All that would happen is that the government would have to provide for the revenue lost through the plan in its budgets either by increasing its deficits, increasing taxes or a combination of both. There is simply nothing magic in the plan that would either enhance or impair parliamentary control of either spending or revenue.

The plan presents a number of difficulties, some formidable. It would present an administrative challenge in determining proper payroll deductions. Its application to capital gains accumulated over a period of years, but included in the tax return for the year of realization, would seem to call for clarification to say the least. That sort of problem can doubtless in this age of computers be overcome somehow, and I want to make it clear that I do not regard administrative convenience or inconvenience as a determining factor in doing or refraining from doing something otherwise desirable. That is and will continue to be among the criteria that I will apply in the ongoing review of tax policy. Nevertheless, administrative difficulties must be solved and the opposition leader has given us no clue as to how he would cope with them.

• (1530)

The progressive personal income tax is generally regarded as our fairest tax. It is also a fair and effective fiscal tool. Elimination of the inflationary element from it would weaken it as a fiscal tool. Then, too, government expenditures are met with current, not constant, dollars. For both of these reasons, to strengthen its fiscal policy and to make up eroded revenues, the government would inevitably be required from time to time to increase some tax or other.

If the increase were applied to some other tax, the sales tax for example, the price paid to avoid inflationary increases moving taxpayers into higher tax brackets will be an increased burden of a less fair tax. If the increase were applied to the fairest tax available, the whole exercise would prove illusory, undoing what the Stanfield "constant dollar" plan set out to do, nothing more than a gimmicky bit of fiscal sleight of hand. We could refrain from doing anything, see deficits increase ad infinitum and accept a weakened fiscal stance. None of these results seems worth the benefit.

Then there is the matter of provincial revenues. The leader of the opposition acknowledged this particular problem. Under the reformed tax law we have achieved uniformity of our personal income tax system across Canada. Even Quebec, by accepting the federal revenue guarantee, has conformed its personal tax system to the new federal system. This in itself is a major achievement.

I have used the revenue estimates contained in the Conservative press release where available. Oddly enough, while scrupulously giving detailed estimates and examples in other areas, the press release is silent on the revenue implications of the *pièce de résistance*, the constant dollar proposal. However, the Department of Finance estimates that the federal revenue cost would come up to $375 million the first year. The full provincial revenue cost over and above that would aggregate in the area of $120 million. These totals would obviously increase annually in the absence of increases in tax rates and, if the balance of the system achieved by the tax reform is to be preserved, in the absence of revisions of exemptions and deductions on an ongoing basis.

I am convinced that our provincial governments are as anxious as we to do the right thing. They will want to preserve the taxpayers from a tax jungle. If they see $120 million as a proper initial price for them to pay for not permitting inflation to bump taxpayers into higher tax brackets, they will be beating a path to the finance minister's door urging acceptance of the Stanfield "constant dollar" plan. No doubt they will be led by the Tory pre-

miers of Newfoundland, New Brunswick, Ontario and Alberta. The federal government, for its part, must decide whether in a period when unemployment is our principal challenge, identified by the Leader of the Opposition, acknowledged by the government and confronted in a meaningful way by the budget, forgoing revenue initially by his own estimates—almost $500 million a year in total—for a scheme that regardless of whatever else may recommend it does absolutely nothing to create or maintain employment, is the best way to utilize that kind of money.

The Leader of the Opposition has talked about the increase in OAS as a result of the escalation brought in in the budget and recently enacted by parliament, in a very disparaging way. Certainly it must be small, given the perspective he displays in the May 18 press release. It is not in it with the $30.67 per month tax reduction he wants to give the $40,000 a year man for the current year, although it is not far off the $3.33 per month reduction he has in mind for the $10,000 a year man and the $2.42 per month reduction for the $8,000 taxpayer. Then there is $2.17 a month in it for his $6,000 a year specimen and a magnificent $7 per year, or 58 cents a month, for the $5,000 a year man. One has to wonder if he will more likely be remembered as "30-buck Bob" by the $40,000 a year fellow or "58-cent Bob" by the $5,000 a year man.

The inflationary push involved in the total proposal of the Leader of the Opposition is an important ground for criticism of his plan. The first whole fiscal year in which it would be in effect would be the year 1973-74. That year would reflect the cost over a full year of the constant dollar method and the cost for nine months of the extension of the 3 per cent surtax. In contrast, 1972-73 includes only a quarter cost for these measures. Our estimates suggest that when allowance is made for this fact, the total revenue cost to the federal government of the $380 million in 1972-73 would rise to $750 million in 1973-74. It may be noted that this increase occurs despite the termination of his 2 per cent tax cut which he estimates would cost $134 million in 1972-73.

These estimates break down as follows: pension changes for the year 1973-74, $107 million; 3 per cent tax cut extension, $255 million; use of constant dollar method, $375 million. To add almost three-quarters of a billion dollars to the cash requirements of the government for 1973-74, over and above those which would emerge from the existing budgetary structure, would almost certainly be strongly inflationary. The proposal of the Leader of the Opposition would thus have the effect of increasing the rate of inflation or, alternatively, would have to be accompanied by other tax increases or by expenditure reductions in other programs.

These proposals appear to stem from the belief that the government sector of the economy has a stake in inflation in the sense that the higher revenues which result from inflation permit governments to finance new expenditure programs. This, of course, is extremely inconsistent from a man who has been complaining for the past months, indeed years, about the energy with which the government has attacked inflation. The Carter commission dealt at length and in detail with the constant dollar idea. The commission, as recorded at page 33 of volume 2 of its report, concluded as follows:

[Mr. Mahoney.]

> We are convinced that it would be a serious error to relate transfer payments and tax credits to a price index so that they increased automatically with inflation. To do so would seriously weaken, if not destroy, one of the basic defences against inflation, the automatic stabilizers that are built into the present tax-expenditure system.

Later it states:

> The corollary of this position is that the tax structure generally should not be adjusted automatically to take into account changes in the general level of prices. Taxes must be based on current dollar income, including increases in the market value of assets, and no attempt should be made to adjust automatically for changes in the purchasing power of money. To develop a tax system that taxed only increases in "real" purchasing power would irreparably damage the built-in stability of the system.

Employment is the priority and that is what the budget is all about. For 1971 as a whole, the real growth in the Canadian economy ran to 5½ per cent; for the last half it grew rapidly and probably exceeded 6 per cent. I would refer hon. members to the October, 1971, report of the Economic Council of Canada entitled "Performance in Perspective" at pages 52 and 53 where the following appears:

> We have estimated that a rate of growth of over 6 per cent per year over a three-year period from the middle of 1971 would be required to move the economy back reasonably close to potential output—that is to reduce unemployment to 3.8 per cent of the labour force.

• (1540)

Without adopting their criteria, it is obvious that the various measures taken by this government in the management of the economy has brought us within shooting distance of the objectives that the Economic Council has established.

The rapidly improving performance of our economy was largely responsible for the fact that the Minister of Finance had a lot of room, almost $1 billion worth, to move within the constraints of fiscal responsibility in bringing down his May 8 budget. He used almost all of this room to achieve two things: about $350 million went to improve the lot of those whose bargaining position in our society is weakest, the aged and the disabled, and about $500 million was committed to the creation of jobs in the private sector.

The most significant of the corporate tax changes were limited to manufacturing and processing activities although there was the important extension to the mining industry of both fast write-off and eligibility for depletion allowance of the cost of equipment acquired to refine ore up to the primary metal stage. This government has taken the position that by and large our resource industries now have available tax incentives sufficient to maintain a satisfactory level of exploration and development.

Our service industries also are performing well at present. By their very nature they are not as prone to suffer from outside competition as either the manufacturing or resource sectors. The best thing that can be done for them is to enhance the demand upon them by other sectors.

I believe there is a very positive and key advantage for western Canada in the special treatment directed by the budget to processing and manufacturing. One of the very fundamental concerns of thinking western Canadians has

been our inordinate dependence upon raw material exports. This concern has been articulated by responsible provincial leaders. For example, the Premier of Alberta made the following statement to the federal-provincial conference of first ministers last November:

> The future growth of our province will be determined by our ability to guide the province through the transition from a primary industry economy to a balanced economy equally based on natural resources and secondary and manufacturing industries.

Speaking in his budget debate this March, the Premier of Saskatchewan indicated that, while continuing to support resource development, his government—

> —will put new emphasis on those projects which involve further processing of our agricultural products and other raw materials.

This applies with equal validity to the Atlantic provinces. The Premier of New Brunswick, at last February's first ministers conference, said:

> There is an urgent need to get manufacturing on a growth pattern if job opportunities are to improve.

The corporate tax cuts on processing and manufacturing profits and the two year write-off permitted for newly acquired processing and manufacturing equipment and machinery will substantially reinforce these very desirable provincial objectives and contribute tangibly to their attainment.

The May 8 budget constitutes a massive act of faith in the free enterprise system. Free enterprise has served Canada well. We are confident that it can and will continue to serve Canada well. We are confronted by many serious problems and right now the main one is unemployment; but we are confident that we can solve these problems as well as the unemployment problem specifically within the context of the free enterprise system.

We expect that the 20 per cent corporate tax reduction and other capital investment incentives offered manufacturing and processing activities will lead to substantial improvement in the ability of Canadian products to compete at home and abroad and hence to a large increase in employment opportunities in Canada. We are confident that with the certainty of this tax reduction as an ongoing measure, corporations can convert plans to action quickly and have a substantial and relatively immediate impact on jobs for Canadians. We are confident that our confidence in private enterprise is well founded.

Mr. R. N. Thompson (Red Deer): Mr. Speaker, in rising to participate in this budget debate I wish first to congratulate the Minister of Finance (Mr. Turner) on his maiden budget. It is not an enviable position in which he found himself, having been conscripted to it in the first place and then having to follow the tragedy of the budgets which preceded this one. I would also like to congratulate the hon. member for Calgary South (Mr. Mahoney) who has just finished reading a questionable speech. There was a day when speeches in the House were supposed to be made for the purpose of debate, and not read, but that day has long since gone, particularly when ministers of the Crown, albeit fledgling ministers, have every single word written out for them. Of course, that pattern is followed by the Prime Minister (Mr. Trudeau) so we should not really be too critical of the Minister of State.

The minister said that the government has come within shooting distance of bringing inflation and unemployment under control. I say to him that he must have a very strong telescopic-sight and a very long-range rifle, because I certainly do not see the target within sight at all. I say to him, also, that it is not the system that he has been talking about that is wrong; it is the management of that system. We heard him spend the full time of his speech condemning my leader who made a particular suggestion in relation to one alternative. However, there is not very much he can say about his own budget, although voters in Calgary South might have obtained more benefit from explanations of some parts of the budget for which I have not been able to find any answer or rational explanation.

My basic objections to the budget are threefold. First, it is wrong and it makes little sense to treat different sectors of the economy in diverse ways. What has happened in this budget is that the manufacturing and processing aspects of the economy have been given some incentive and encouragement while the other aspects of the economy have been neglected altogether. It seems to me that if we really want to bring the economy of this country back to what it ought to be and where it could be, we will have to deal with the general problem of taxation and inflation in a consistent way that is equitable to all sectors.

Another criticism I have of the budget is that it innovates yet another approach to the problem of financing the cost of government in attempting to create jobs, as the Minister of Finance said. A great deal has been said about the 20 per cent corporate tax cut—this matter was mentioned by the previous speaker—but the fine print in the budget does not even say that there is a current 7 per cent tax cut incentive for corporations which will automatically disappear at the end of this year simply because the reduction which was given a few months ago for a specific period of time is not reactivated. I have not heard one speaker on the other side mention the fact that there is presently a tax reduction that will be no longer effective. So if they want to talk honestly and with integrity about what the corporate tax reduction is, they should be using the figure of 13 per cent instead of 20 per cent.

Another point I should like to make is that while this budget does very little for the middle income earner, and does nothing for the low income earner, the fact is that income tax goes up 3 per cent at the end of the year for everybody. Again, nothing was said about this in the budget, not even in the fine print. The fact remains that Canadians will pay 3 per cent more personal income tax after the end of this year because in the mini-budget that the previous Minister of Finance brought in last October the highlight was the 3 per cent tax reduction across the board which, however, was implemented only until December 31, 1972. Because nothing is done to erase or amend that time limit every taxpayer will be paying 3 per cent more income tax at the end of the year as a result.

• (1550)

In addition to this deceitfulness—certainly the fact that it was concealed, that it was not mentioned, means it can be classified as exactly that—my complaint is that we try one thing one year and another thing the next year, and as

a result the whole business community and tax paying community becomes confused. It is impossible to plan ahead on such a basis.

Another criticism I have of the budget is that tax reductions for corporations are inappropriate at this time. Government speaker after government speaker talks about the priority of creating jobs. But nothing is done in this budget to create any new jobs; in fact, the opposite will be true. Even if we wait for another winter and another year, the situation will not be better; in fact, it will be worse than it is because we are not dealing with the core of the problem of unemployment. Frequent shifts in tax rates such as these are literally counterproductive.

A third point which I make in regard to my contention that a reduction in corporate tax rates is wrong at this time is that the government disregards the fact that our main deficiency today is consumer demand. Consumer demand depends upon purchasing power in the hands of the consumers. Until consumption catches up with investment in a significant range of industries, the tax reductions for corporations will bring forth little additional capital investment and very few new jobs.

In fact, one of the real problems today so far as attracting capital from outside is concerned does not even relate to the private sector. No mention has been made of that. It relates to the public sector, Mr. Speaker, because provincial government after provincial government has to go outside the country to find the necessary finances for development within its own jurisdiction. The federal government has done nothing to correct that situation.

It seems to me that the government's decision to cut taxes for corporations, many of them foreign owned, means that we are transferring dividends to the foreign owners. In fact, our whole industrial incentives program has done more to assist the takeover of Canadian companies and to strengthen the hold of foreign investment on Canadian companies than it has to help Canadian industry or Canadian companies. Combine that with the 3 per cent tax increase for individuals and it will be seen that we are not meeting the issue at all.

It seems to me that the Canadian government has become increasingly dependent upon personal income taxes as a source of revenue over the past two decades. I will illustrate this with a few statistics in a moment. This has had a curtailing effect on consumer demand and also on the supply of savings which is the ultimate source of investment and growth. The increase in direct taxes on individuals over the past 15 years has been almost twice as great as the increase in taxes on corporations during the same period.

This brings me to another point which the government overlooked completely. It relates to those who have jobs now but who do not pay taxes. I am speaking of the working poor. There are over five million of them in Canada today, people who have jobs earning all the way from $60 to $70, $80 and even up to $90 and $100 a month, after deductions their take-home pay is considerably less than that. They don't earn enough to pay income tax. With the cost of living as it is today, how can they have any reasonable standard of living? They are locked in, working their 40 hours a week but not getting enough to provide a decent standard of living. Nothing is done to help these people or make it easier for them to face their problems. This is why I am very concerned about mismanagement of the system which causes such conditions to continue.

[Mr. Thompson.]

The government's attitude should have been directed toward employment and investment stimulus. Jobs are created by increasing demand, which means increasing production. You only increase investment stimulus by providing a stimulus. Why didn't the government come up with something like allowing a tax deduction of $1,000 for every family in Canada which actually invests in the development of the country, using that exemption for risk capital development? Allowing families a deduction on this basis would give them a reason to invest in Canadian companies. Don't worry about the loss of this income as tax income: tax the profits that come as a result of it. That is the kind of stimulus we want to encourage investment by Canadians in Canadian business and industry. There should also be more effective assistance for the labour-intensive and export sectors most damaged by recent national and international events. This would truly stimulate production and jobs.

Nothing has been done for industries affected most adversely by the American DISC program. There should have been greater equity provisions for Canadian investment in Canadian corporations. I do not see this budget creating new jobs or even solving the problem of foreign ownership of Canadian industry. The budget entirely ignores those manufacturing and processing firms which suffered most because of the DISC program, from appreciation of the Canadian dollar and other recent trade impediments. Firms that are without profit or are making marginal profits will not be helped by corporate tax cuts or fast write-offs. If a firm has no profits, little capital and dubious markets, these measures provide no assistance and meagre incentive to expand or even to maintain employment. Recognition must be given to the fact that business can expand its activities only when it has confidence in the future, when the economy is stimulated by adequate consumer demand. Only then will job producing economic expansion be assured.

Similar criticisms may be made of the introduction of a new class of capital cost allowance entitling a taxpayer to claim as depreciation up to 50 per cent of the cost of an asset in the year it was purchased or acquired and the unclaimed balance in any year following. Even though this is to be used for machinery and equipment to be used for the purposes of manufacturing or processing, it is open to major criticism. The machinery that will be brought in may in fact replace present workers. The same machinery may have a high non-Canadian labour content, and unfortunately this is the case simply because of the high taxes placed on that kind of equipment. The machinery may even displace less skilled operators who are particularly susceptible to prolonged periods of unemployment. The form of the incentive does nothing to favour the disadvantaged regions with pockets of particularly high unemployment. The employment effects of tax incentives for business are slow to appear in comparison with the effects of a comparable personal or sales tax reduction.

The true philosophy of the government is clearly revealed when we compare the personal and corporate income tax sources of budgetary revenue for the fiscal year ending March 31, 1971, with the expectations for the fiscal year ending March 31, 1973. The budget measure will provide no direct assistance or incentive to many of the labour-intensive and other important sectors of the economy. What has been done for the service industries? Nothing. What has been done for the construction industry? Nothing. What has been done for the farming industry? Nothing. Not only does the budget not provide the farmers with the same accelerated write-off that is given to other production industries, but it does nothing to help them with their other problems.

The budget does nothing to help provide farmers with the capital that is essential to most of our agricultural industry today. Literally nothing was done for the farmers. But worse than that, the policy of the government seems to penalize the farmers. Let me give an illustration, Mr. Speaker. A few years ago the minister and the Department of Agriculture were pleading with western grain farmers to diversify, to get out of wheat and barley. They were telling the farmers that there were markets and demand for other types of crops which would provide the necessary cash for farmers caught in the cost-price squeeze.

• (1600)

Many farmers went into diversified crops such as flax and rapeseed, but then last year the government brought in legislation to amend the Canadian Wheat Board Act which placed flax and rapeseed under the jurisdiction of the Wheat Board. The farmers had not asked for this and had already set up their own marketing and processing arrangements because there was a market in the United States and in other foreign areas for vegetable oil. This particular aspect of diversification has been rather profitable, so why the government insisted on bringing it under the Canadian Wheat Board Act is something I do not understand. The minister in charge of the Wheat Board (Mr. Lang), in reply to criticisms from this side of the House last year and again this year, made a very clear statement on May 11 last year to the effect that there is no intention to bring rapeseed, flaxseed and rye under the control of the Canadian Wheat Board in the near future. A press release from his office reads:

> Changes proposed in the Canadian Wheat Board Act would enable the extension of board marketing to these crops, but these sections may never be used and certainly will not be used except after full support of the move is received from producers based on a thorough discussion of the issues.

He went on to say:

> The situation is the same with regard to the Prairie Grain Advance Payments Act.

He said that these amendments to the act would not be required unless at some future date these crops were brought under the Canadian Wheat Board Act. The press release concluded with the statement:

> I repeat, the government has no immediate plan to change the marketing system for these grains. And I assure producers that before any such change is contemplated there will be thorough discussions with everyone involved.

Mr. Speaker, the government has now authorized the inclusion of these grains in the Canadian Wheat Board Act without any consultation with farmers, and it has moved to convict farmers who may have oversold the quotas established under the act. There is a case in my constituency of a farmer who was given a 60-acre quota. At 20 bushels per acre that means he should have sold 1,200 bushels of rapeseed. He had a delivery contract with the seed processors in Lethbridge for a greater quantity than that, and in March of this year he was issued an additional 900 bushels delivery authorization. They seized his permit book. It was found that the amount he had sold previously had not been entered and his records did not indicate it, so he shared a truckload with a neighbouring farmer and 388 bushels were delivered to the plant in Lethbridge 200 miles away. It turned out that he had delivered 104 bushels more than the Canadian Wheat Board said he could, in spite of more than 500 bushels remaining under his authorized delivery contract, and now he has been taken to court.

When the minister responsible for the Wheat Board makes a statement in May of one year and contradicts it in May the next year, it completely undermines the confidence of the farmers and the processing industry. This is not just one farmer, Mr. Speaker; 1,400 of them are in the same situation. This is the tragedy of the policies being implemented by the bureaucracy on the other side of the House.

When the Minister of Agriculture (Mr. Olson), the Minister of State from Calgary South and the minister in charge of the Wheat Board attempt to justify their position or to rationalize the budget, they are not dealing with the issues really faced by the Canadian people. What about the fishing industry? There is nothing for that industry. What about the logging industry? There is nothing for it. Since these industries, the service industry, the construction industry, farming, fishing and logging are excluded from the tax and incentive measures, they will be placed in a more difficult position because their relative capacity to compete for available capital will be reduced. This is a discriminatory policy.

Generous corporate income tax cuts do not make firms more profitable or productive because they in no way affect the cost of manufacturing and processing inputs. A realistic budget would gear its policies to consumption rather than production. Perhaps if that were done something would be accomplished as far as eliminating the problem of unemployment is concerned. It seems to me, Mr. Speaker, that we are not dealing with the issue as it should be dealt with.

As an indication of the policy of this government during the last five years, its budgets have placed emphasis on increasing personal income tax and decreasing corporation tax. In 1968-69, 34 per cent of taxes came from personal incomes and 20 per cent from corporations. For 1972-73, 44 per cent will come from personal incomes and 15 per cent from corporations. In my opinion this creates more unemployment and does nothing to solve the problem of inflation. This is the just society that the Prime Minister spoke about four years ago but about which we hear less today.

Another problem that I mentioned in criticism of the budget concerns the increased flow of Canadian equity capital to the American market. This runs counter to Canada's interests at a time when this country's energy interests are confronted with high capital outlays according to the Minister of Energy, Mines and Resources (Mr. Macdonald). In a recent address he said that an important contributing factor in the southward flow of capital has been lack of diversity of the Canadian capital market competing with the high percentage of direct investment in the United States. He estimated that the energy industry's capital outlays alone would total between $50 billion and $70 billion in the 1970s. Where is this money to come from, Mr. Speaker? The answer is—from outside sources!

The minister has correctly pointed out that equity capital run-off to the New York market runs counter to the interests of Canadians. He has also stated that the energy industry would require capital of $50 billion to $70 billion during the 1970s. Yet the minister is wrong in assuming that merely restricting foreign investment to 10 per cent of assets in pension and retirement savings plans will encourage Canadian investment. It will limit foreign investment but will not encourage domestic investment. This is where the budget is so very wrong.

There is another aspect of these budget proposals which cannot be passed by. It seems to me that the government's arrogant and insensitive approach is one of the reasons we are in difficulty. The increased income tax deductions for the blind, the disabled and pensioners are notable, but why was this not done five years ago when the program was developed? Inflation was just as rampant then. If aid is needed by the unfortunate individuals in these groups, it should be given in a more direct way and it should go to those who need it most, those who cannot work or who are locked into low incomes.

I should like to spend my last few minutes speaking about the energy situation that exists in the provinces of Alberta, Manitoba, Saskatchewan and British Columbia. At the present time the rate of increased production in the petroleum industry is lower than in other energy industries because exploration and development in western Canada and in the north has been slowed down by government policies which inhibit rather than stimulate.

• (1610)

The fact that the federal government could enter into a so-called secret agreement with the United States back in 1967, placing a number of restrictions on the exporting of oil from Canada without consulting the provinces, bears testimony of the need for greater participation between the two levels of government. More important is the fact that there should be more co-operation between the federal and provincial governments so that a clear energy policy for Canada can be established. The fact that Premier Lougheed has stated that Alberta will not participate in any future constitutional talks indicates the low level of regard which the federal government has for the rights of the provinces.

A few weeks ago the Prime Minister said in Edmonton he was going to build a new highway to the Arctic and this would also be an energy corridor through which the pipeline could pass. That is, if it is feasible: we have not found out whether it is or not. We have not seen anything in government statements that would encourage private industry to investigate or conduct its own research in this regard. In a few weeks there will be an energy corridor conference in Calgary: it is being planned by the Alberta mines and minerals minister, who said:

> —objectives of the government-industry meeting will include pipeline plans for crude oil and natural gas, detailed examination of the all-weather road proposal across the northern mainland, and listing of individual opinions on the multiple transportation systems from all parties for individual projects.

When making this glorious statement in Edmonton, why did the Prime Minister not invite the province of Alberta to participate in such a conference, as well as any other province which is concerned about this matter? I have placed some questions on the order paper in this regard. I cannot even find out whether the federal government has enough interest to ascertain what the province of Alberta is doing in this regard or to say if it even intends to participate in the conference. The conference, which is planned for the third week in June, ought to have been initiated by the federal government in their attempts to meet the needs of the whole nation with regard to energy production and transportation.

I wish to make one other point before my allotted time comes to an end. We will never have the investment of Canadian people in the development of Canadian resources and industry unless we provide incentives that are at least equal to those which citizens of the United States can get in their own country. The tremendous drain of capital to the south indicates that Canadians have more confidence in the investment policies of the government of the United States than those of the government of Canada. Why cannot we provide incentives that will encourage Canadian people, at whatever level and at whatever amounts they wish, to invest in our own resources which today almost completely depend upon outside sources of finance? This question involves a depletion allowance approach which should be completely changed. It involves a major expansion of the policy of Canada to develop and process its own resources as it relates not only to mines, but also the petroleum industry.

While the north is very important to us as far as energy is concerned, and the west is important as well, we will never develop the resources of this country until we have a policy of incentives for Canadians and a policy of co-operation for the different levels of government. If this budget had done something about that problem, the claims the government had made for it might have been justified. As they are not, I see little validity in the government's policies as enunciated in the budget.

Mr. E. B. Osler (Winnipeg South Centre): Mr. Speaker, it gives me a great deal of pleasure to follow the hon. member for Red Deer (Mr. Thompson), who speaks so well even when he has nothing to say. It is interesting to hear him.

Mr. Thompson: I cannot help it if you do not have enough ability to understand it.

Mr. Osler: Perhaps on occasion he does have something to say, but I have not been fortunate enough to be here at those times. I wish to compliment the Minister of Finance

(Mr. Turner) on his budget. I think it is a good budget, a very realistic budget and one that shows where the heart and the mind of this government is.

Mr. Dinsdale: On the election.

Mr. Osler: First, it shows that it wants to help people within the ability of the country to do so. Second, it shows that it realizes the country must pay its own way if anyone is to be helped at all. Those are two pretty humane and realistic thoughts to possess in the mind of any government. Recently this government has made two important policy statements, one the budget and the other the matter of foreign takeovers. Both of these have far reaching implications for all parts of the country, but in particular for western Canada which needs all the capital it can get and requires the build-up of its manufacturing and processing capabilities.

As for its statement on foreign takeovers, the government has served notice that Canadians who enjoy a controlling ownership position in a company will no longer be allowed to sell or transfer this control to foreigners unless such action seems to be in the national interest. I find no fault with this attitude.

As for the budgetary measures, the government has taken steps within the country's means to allocate additional benefits for senior citizens and those who are disabled. Unlike some of the "pie in the sky" dreamers we run into in one small corner of this House, it has at the same time taken measures to ensure that the source of tax revenue on which all benefits depend will continue to expand. People are the only thing that count, Mr. Speaker. To do things for people, be it our senior citizens, those who are ill, those who for a variety of reasons need a helping hand, be it for housing, welfare, urban renewal or a host of other problems, this is the primary task of government today.

I only have one small quarrel with the measure proposed in the budget for old and disabled people. I will not bore the House with my observation. This was very adequately expressed yesterday by my colleague, the hon. member for St. Paul's (Mr. Wahn). He said that to go so far for some people on incomes fixed to the cost of living index is inconsistent if you do not go the whole way. He said he hoped the day would soon arrive when the Canada Pension Plan and the Quebec Pension Plan can both have similar treatment and be tied to the actual cost of living index rather than the 2 per cent escalation. And he requested the Minister of Finance and the Minister of National Revenue (Mr. Gray) to do something about the law which does not allow private pension plans to have more than a 2 per cent escalation built into them and still be deductible for tax purposes. That is an area that can be looked into to round out the very good measures that were taken for older and disabled people in this budget.

In a sense, Canada is like a great internal combustion engine coupled to a dynamo that creates power. If you overload that dynamo by making undue demands for electricity, you will burn it out and complete darkness will surely follow. If, on the other hand, you tamper with the supply of fuel, nothing will work at all and again darkness will be the result. The very necessary public sector in Canada is attached to the dynamo end of this power generating machine. The private sector supplies the fuel. If we want more power for the benefit of more people in this expanding Canada of ours, we must secure our source of fuel. Thus, I commend the government for setting aside half a billion dollars in its latest budget to create lasting jobs in the private sector.

• (1620)

By and large, Canada's resource industries now have available tax incentives sufficient to maintain a satisfactory level of exploration and development; and the service industries are performing well too. Thus, within this $500 million for the private sector the most significant of the measures taken are the corporate tax changes affecting manufacturing and processing activities.

Moreover, this action is entirely consistent with the government's action over the past decade to encourage an ever increasing degree of "finishing" activities in Canada. I did not have time to look up the figures, but the proportion of our manufactured products as against raw material exports has continually risen. Speaking from memory, I would say it has risen from 12 per cent to something like 40 per cent in the last decade. The budget proposal implies a consistent attempt to follow this trend and encourage it, bearing in mind that to finish more of our products in Canada means more jobs. In other words, we must make conscious efforts to combine skilled people with our resource development and we must add to this a third vital ingredient, salesmanship, if we are not forever to remain hewers of wood and drawers of water until all our resources are used up.

Let us turn now to western Canada. One of the fundamental concerns of all thinking western Canadians has been our very large dependence upon raw material exports. The Premier of Alberta has declared that the future growth of his province will depend upon the success with which it is guided through the transition from a primary industry economy to a balanced economy equally based on natural resources and secondary and manufacturing industries. The Premier of Saskatchewan has indicated that his government will put new emphasis on projects involving further processing of agricultural products and other raw materials. The Premier of British Columbia has moved to assure an increasing degree of in-province processing of forest product exports.

Even in my own province, Manitoba, attempts have been made to grapple with this problem. These attempts have often been successful, despite the boobs of the former Tory government, which sank approximately $100 million into the so far unsuccessful industrial complex at The Pas and despite the tax policies of the present NDP government there—I must admit I cannot fully understand them—which reputedly is now in the process of attempting to tax the very air which Manitobans breathe. As you know, Mr. Speaker, Manitoba stretches across one of the great flyways which geese and ducks use in their annual migrations. Very soon, I think, there will be a move to tax the geese and ducks which use this air space twice a year. Wait for it: it will happen. If they could find a way of putting a meter on them, they would even tax the ultimate pleasures of life.

If all the western provinces are agreed that they need industrial growth in order to ensure meaningful lives for those who choose to live in the west, then surely the recent corporate tax cut on processing and manufacturing profits, plus the two-year write-off permitted for newly acquired processing and manufacturing equipment and machinery, will substantially reinforce these very desirable provincial aims.

I have said on many occasions, Mr. Speaker, that very few of the regional problems to be found in Canada can be solved by unilateral regional action. The government of Canada, by harnessing the resources of all the Canadian people, can help Canadians of any particular locality in a truly effective way. This budgetary measure is an apt illustration of what I mean. With the opening up of the Mackenzie River corridor to the north, with the development of trade to Asia and the countries of the Pacific rim, western Canada is at last in a position to take its rightful place in confederation. It could not do this without the help of Canada as a whole, any more than Canada as a whole could exploit its present and potential capabilities if western Canada were not a part of it. This being the case, we who live in western Canada are fortunate indeed to have a government here in Ottawa which understands these things, however imperfectly, and brings forward measures like those to be found in the recent budget.

During the debate on the government's policy toward foreign takeovers, the Leader of the Official Opposition (Mr. Stanfield) said:

> We must have policies aimed at ensuring that Canadian industries, big and small, have access to capital for expansion and markets for the sale of their products and their services.

Anyone who wishes to take the measures proposed in the present budget, add to them a dash of the tax amendments passed by this House last December, then a handful of goodies from the bag containing all the measures that have been introduced to help the western farmer sell and deliver his grain, plus a good ladleful of seasoning from the Department of Regional Economic Expansion, can easily find that the resulting brew tastes mighty like the sort of policies for which the Leader of the Official Opposition is obviously aiming. Of course, it is not a perfect brew, Mr. Speaker. A government's job is to govern: it cannot always wait upon perfection; it must act on the basis of what it has near at hand. I think these measures are good measures but, as I have said, they cannot be considered to be perfect.

The hon. member for Sault Ste. Marie (Mr. Murphy) made several observations yesterday which I found interesting. He said we could not expect governments which were perfect; we could only expect governments which did the best they knew how. He said, as recorded on page 2471 of *Hansard:*

> Should we compare ourselves with the United Kingdom where at the moment the unemployment rate is about 6 per cent, the inflationary rate about 10 per cent and the growth rate over the past 15 years has been only 4 per cent compared with our own huge growth rate? . . . Should we compare Canada with Sweden? There is probably more unrest in Sweden today than in any other country in Europe. The tax burden is so high that people are rebelling. That country has a socialist government. Should we be compared with the United States where inflation is running between 6 per cent and 7 per cent even with price and wage controls? Unemployment in that country is running at 6 per cent.

[Mr. Osler.]

Nobody in this governement has ever claimed perfection. Nobody in this government has ever claimed it was doing an optimum job, the very best that could possibly be done. All that was ever promised was that we would try hard, and I submit that compared with other countries our record is good.

The hon. member for Dauphin (Mr. Ritchie) spoke yesterday. He is a man I admire greatly but I do not know that I agree with what he had to say. He said that the government's strategy of making tax cuts available to manufacturing and processing firms will not be of much value. I quote from his speech as reported in *Hansard* at page 2481:

> These introduce a new measure of distortion into the function of the marketing system and substitute the judgment of the Minister of Finance as to what types of tax relief make for growth in our competitive system.

If that statement means anything, it surely means that the system was functioning perfectly, or much better, before the Minister of Finance made his recent budget statement. Well, he and his party have spent the last four years telling everyone how badly the system was functioning. I would say the hon. member cannot have it both ways, If the system was functioning well before the budget, and the budget has caused it to function badly, then what he said before was meaningless. If, on the other hand, it is functioning well now, his criticism of the budget is meaningless. He should decide out of which side of his mouth he wants to talk.

• (1630)

The hon. member for Sault Ste. Marie spoke about inflation and how regrettable it was, as did the hon. member for St. Paul's. I join with that view, as I suppose everyone in Canada would who shares concern for inflation. But I agree with both hon. members that our inflation is not as bad as that of other western industrialized nations.

Although we all regret inflation, few on this side of the House are woolly-minded enough to think that it will be cured by the application of simplistic proposals such as the one recently advanced by the Leader of the Official Opposition. Speaking in the budget debate on May 15, he pledged himself to a proposal whereby the calculation of personal income tax would be based on constant 1971 dollars. This proposal does not include a reduction in the level of any government services, but it does call for a reduction in the revenue from personal income tax. The gap that would result would have to be met by additional personal income taxes or increases in other taxes, such as in the sales tax; but he does not talk about that.

The leader of the opposition admits that his proposal would affect provincial revenues from personal income tax. In any year the consumer price index rose, the revenue of the provinces which base their tax on federal tax would drop and they would be forced to impose an additional amount of tax to maintain their revenues. If he thinks that this government has had problems with the provincial governments, just wait and see what would happen if anyone tried to put this dream into effect. Talk about balkanization!

The proposal would confer greater benefits on high income taxpayers than on low income taxpayers, but he does not talk about that either. It militates in favour of those with a strong bargaining position in society; yet out of the other corner of his mouth he talks of the overbearing strength of labour unions and other organized members of society relative to those who are unorganized. I should like to hear him talk out of the middle of this mouth so that I might be able to understand what it is that he is saying. A uniform deflation of incomes for tax purposes, as proposed by the Leader of the Opposition, would not be equitable for the reasons I have stated. Moreover, such a proposal would deprive the government of Canada of one of its most effective and equitable fiscal tools and would itself contribute significantly to inflation.

The proposal to deflate personal tax liabilities for changes in the price level would weaken the capacity of personal income tax for automatic stabilization. The result would therefore be a stronger inflationary pressure than that which would be experienced with the present tax system, or increases in taxes to offset the deflation of personal tax liabilities. To raise personal income taxes would merely undo the Leader of the Opposition's proposal, while no other tax which could be raised is as equitable as the personal income tax. Of course, he said, it would force the government to bring its tax proposals before Parliament. I have only been in the parliamentary system for four years but it is my understanding, based on observation, that that is exactly what the government has to do every year or whenever it brings in a budget. So I do not see what outstanding help it would be to force the government to do something it is already forced to do, and has been for years.

The amount of a taxpayer's tax for one year would be uncertain until the price index was fixed. And this from a man who for the last 2½ to three years has been going around the country lighting little brush fires with his little cigarette lighter, or whatever it is he uses, telling everyone that the uncertainties created by the present government have caused the so-called trouble that he sees at every hand! If there have been uncertainties before, this proposal would merely add more. Obviously, it is inconsistent to determine personal income tax in constant dollars while other taxes, such as the general sales tax, remain unadjusted.

I do not always agree with the Winnipeg *Free Press* but occasionally they see the light on a clear day. With regard to the proposal made by the Leader of the Opposition they have this to say:

> If Mr. Turner had taken Mr. Stanfield's advice . . . the borrowings would increase also. The government would extract more than $2 billion out of the nation's savings—money that otherwise would be available for job-creating investments.

Again they say:

> The difference between Mr. Turner and Mr. Stanfield is that the former will use the old device of crude monetary inflation as little as he thinks possible, while the latter would use it recklessly on a far larger and unspecified scale.

And again:

> —if Mr. Turner is desperately trying to make the best of a bad job—

That is, vis-à-vis inflation.

> —Mr. Stanfield goes much further and would make it still worse by piling monetary on top of cost-push inflation.

And finally:

> Without the responsibility of office, he is simply trying to win an election with popular but irresponsible promises.

I do not know how anyone could put the position better than that. It is almost like the good old days of Dafoe, the way it rings. I am glad to see they have at last been stirred to pungent writing; they have needed it for some time.

So much for the Progressive Conservative party's platform. If that is their platform, I rejoice that an election cannot be too far ahead, because this spells "progressive" increases in taxation and "conservative" hard times, all wrapped into one neat little blue ball. If you do not mind, Mr. Speaker, I will stick to the Turner budget and the Trudeau government. I am confident that when the time comes to test their judgment, the vast majority of the Canadian people will decide to do the same.

Hon. W. G. Dinsdale (Brandon-Souris): Mr. Speaker, the budget debate is one of the important debates of the parliamentary session and many valuable contributions have been made to this discussion thus far. Actually the budget, as it is brought down each session by the government in power, is the fiscal instrument by which the government stabilizes the economy and announces the growth policies that are going to be implemented. It is interesting that the debate on the budget as it resumes this week is somewhat different in its approach from that taken last week. Usually in a parliamentary program the budget debate proceeds undisturbed and uninterrupted. Then you get continuity in the debate and a little more vigorous give and take. I have been listening to the debate for most of this afternoon and it seems that as each speaker succeeds another there is a lack of communication and dialogue. Each speaker is operating in a vacuum.

I suppose this has been caused by the interruption of the proceedings to deal with what the government regarded as a matter of great public importance and urgency, namely, the implementation of the nominal increases in old age security, veterans benefits, disability pensions, and so forth. The legislation was rushed through, to the extent that the other place was called together for an unusual Friday sitting so that everything could be in place for what was anticipated to be the calling of an election prior to last weekend. That election did not come and as a result we find a remarkable change in the mood of this House and in the attitude of the government as this renewed debate on the budget takes place at this time.

• (1640)

Because the budget was planned as an election budget it does not deal with the fundamental purposes of budgets which I have already outlined, namely, the use of fiscal instruments by the government to deal with problems in the economy. This budget does not come to grips with the fundamental economic problems of Canada as they confront us at the moment. It is more in line with what might be described as the "ad hocracy" approach to basic issues. I shall be dealing with "ad hocracy" as it applies to other

actions by the government before I conclude my remarks this afternoon, particularly those in reference to its approach to one of the major problems in the Canadian economy, that of regular winter unemployment resulting from the severity of Canadian winters.

Applying this term to the electioneering type of budget brought down by the Minister of Finance (Mr. Turner) as his first attempt at budgeteering, he made many fine statements many of which I could quote. On February 24, as recorded in *Hansard* at page 217, the minister said:

—I see our first priority to be to provide good jobs for Canadians who are seeking work.

As reported at page 215 for the same date, the minister said:

I fully recognize that statistics are no substitute for jobs.

Again, in the same speech he said:

My first and most urgent priority is to provide continuing and well paying jobs for those Canadians seeking work.

I think there has been sufficient said on this side of the House to point out that the budget brought down by the minister negates those fine words. There is ambivalence as between coping with the dual problems of inflation and unemployment because the Minister of Finance is recorded at page 1998 of *Hansard* for May 8 as saying:

I am hoping to achieve industrial growth at a pace that will not aggravate the inflationary impulses in the economy and escalate the cost of living. This government is committed to reasonable price stability.

I point out that the budget does not deal with what the minister laid down as the number one priority, namely, dealing in an adequate and comprehensive way with unemployment. Other members have spoken in this vein today so I shall abbreviate my remarks accordingly. The main emphasis in stimulating the economy has been placed upon reduction in corporate taxes. This is fine as a long-term measure to deal with long-term economic problems, but Canada requires solutions to present day problems. The Leader of the Opposition has, in season and out of season, travelled across the country hammering away at the essential problem, bringing before the people of Canada, not only in this House but on the hustings the solutions he thinks are required to deal adequately with this problem. I noticed that the hon. member for Winnipeg South Centre (Mr. Osler) paid considerable attention to the activities of that hon. gentleman in this regard.

It is interesting that the Leader of the Opposition has had considerable impact in the west, as recent public opinion polls indicate. The problem surrounding the slowdown in the economy as it affects corporations, manufacturing and processing businesses represents only one aspect of the difficulty. I should think if we are going to have a budget to deal with the first priority as outlined by the Minister of Finance, to provide good jobs for Canadians seeking work, we must immediately stimulate the purchasing power of the Canadian public.

Certain spokesmen for the government have referred to the bugbear or bugaboo of inflation. I say in this regard that the extravagant expenditures of this government have been a greater contributor to the fires of inflation than any excessive demand on the part of the Canadian public at this time. This is not the occasion to outline in any great detail how the government has so boosted its expenditures that inflation was an inevitable by-product of government fiscal mismanagement.

There has to be a reduction in personal taxes at this time. The Leader of the Opposition has been consistent in presenting this proposal to the Canadian people, hence the attack at some length by the hon. member for Winnipeg South Centre, with no particular impact. The hon. member for Red Deer (Mr. Thompson) spoke on this subject, pointing out that since 1968 the present government has been trying to cope with the problem of underemployment and underproduction in the Canadian economy by favouring the corporate taxpayer rather than the personal income taxpayer. He put figures on the record, but some hon. members here now were not in the House at that time.

From 1968 to 1969 personal income tax revenue rose from 34 per cent of total income to 44 per cent, whereas corporate tax went down from 20 per cent in 1968-69 to 15 per cent in 1972-73. Again the government is resorting to the same formula to deal with what the Minister of Finance has described as the number one problem in the Canadian economy. I suggest it will have exactly the same effect: it will increase unemployment in the long term, and I think the figures over the next few months will demonstrate this point, rather than increase employment opportunities.

There are many fine, new, shiny factories lying idle across the nation because of low demand on the part of the Canadian consumer. From the standpoint of a western member of parliament, I should like to say that the rapid depreciation on machinery will not have a helpful effect in dealing with the problems of western Canada, that part which can be referred to as a comparatively underdeveloped segment of Canada's economic area. As has been pointed out, if you encourage accelerated depreciation on machinery used in manufacturing and processing industries, you get a situation in which machinery will tend to replace workers.

• (1650)

I am sure, also, that it is almost axiomatic to point out that this creates a situation in which there is a high degree of non-Canadian labour content because a good deal of the machinery used in the manufacturing process is built outside Canada. Obviously an increased use of machinery in the manufacturing process is a part of automation which is one of the major difficulties in the growing problem of unemployment. The government has not even started to deal with this whole complex problem of automation. It will be found that machinery displaces the less skilled operator in the first instance. This is the area of the Canadian economy in which chronic unemployment tends to be most persistent. Obviously, in areas of Canada such as western Canada where there is lack of manufacturing and processing industries, this provision for accelerated depreciation of machinery will not help solve the special problems in the west to any great degree.

The hon. member for Winnipeg South Centre, the Minister of Agriculture (Mr. Olson) and other spokesmen such as the Minister of State (Mr. Mahoney) who spoke earlier this afternoon have all tried to paint a picture that all is

well in the western part of Canada. It is not so long ago that some of these gentlemen were using the phrase which has become one of the popular phrases used by pundits, "western alienation".

Now we have a budget designed as an election budget because everybody thought we were on the eve of an election. No doubt there would have been an election had the Prime Minister (Mr. Trudeau) not had information from western Canada and other parts of Canada, particularly the province of British Columbia, that was somewhat negative in terms of the government's prospects. So today—and I suppose we will hear this theme during the rest of the budget debate although it is no longer pertinent in terms of an election budget—we will have paeans of praise in respect of how good things are in western Canada at this time and how much better they will be once the budget which is being debated is implemented.

I suggest that if this is the attitude of these spokesmen on the government side from the west, then there is complete lack of understanding, complete insensitivity and even lack of concern on their part for our continuing problems. Obviously, a budget of this kind will do nothing to overcome the fundamental disparities between western Canada and the central part of Canada in particular.

The Minister of Supply and Services (Mr. Richardson) is in the House this afternoon. He has been one of the most eloquent spokesmen in the past in pointing out that there is a fundamental problem of neglect by the national government. Last February in the city of Brandon, which I represent in this parliament, a meeting took place at the agricultural study centre. It was a small meeting, attended by some 60 leaders in the agricultural community, largely from Manitoba, who went there to discuss the special problems of western agriculture.

As I say, it was not really a representative gathering, with only 60 persons in attendance, but apparently it was from that conference that the Minister of Supply and Services came forward with the thesis of the western fact as a separate entity and separate problem which requires the special attention of the government. There is not one provision in this budget which comes to grips with the problems which were discussed on that occasion. I trust that the Minister of Supply and Services will be making a speech during the course of the budget debate in which he will elucidate some of the conclusions reached at that very important conference. I was not privileged to be present. It was rather an exclusive conference, apparently. I had to obtain all my information second-hand.

Mr. Richardson: I will be glad to send you the notes.

Mr. Dinsdale: The minister has indicated he will send me the notes. I believe it would be much more appropriate if he would make a speech during the course of this budget debate as a spokesman for the province of Manitoba. We have had two spokesmen from the cabinet who represent the province of Alberta, the Minister of Agriculture and this afternoon the Minister of State who has some responsibility for fiscal matters. However, we have not heard from the province of Manitoba in this regard.

I trust that the Minister of Supply and Services, when he makes his statement on these important matters, will do a much better job than the Minister of Agriculture whose speech was an apologia for the government's inadequacies in respect of agricultural policies. For example, he compared the total income of farmers in 1971 with 1970, which was the worst year western agriculture experienced. The contribution of the Minister of Agriculture and his counterpart from the province of Saskatchewan, the Minister responsible for the Wheat Board (Mr. Lang), has been to support the government's policies. I cannot understand how a westerner could possibly initiate these policies, but they have had to be the sponsors and spokesmen for policies which have accelerated the movement of farmers off the land.

Statistics have been placed on the record already, but I would quote briefly one or two examples. In 1966 there were 39,747 farmers in the province of Manitoba. In 1971, only five years later, after three or four years of the present Liberal administration, there were 34,981 farmers. This is a decrease of some 5,000 farmers.

The Acting Speaker (Mr. Boulanger): Order. The hon. member for Winnipeg South Centre (Mr. Osler) wishes to ask a question.

Mr. Osler: Mr. Speaker, would the hon. member permit a question?

Mr. Dinsdale: I will accept a question.

Mr. Osler: I do not have the statistics with me, but I wonder whether the hon. member can give us the statistics in respect of the decrease in farms in the prairie provinces over, say, the last 20 years in order to give us a comparative setting.

• (1700)

Mr. Dinsdale: I do not have that answer, and I am sure the hon. member can do the research himself. I have the figures put out by the Dominion Bureau of Statistics on Monday, May 1, 1972. They deal with the five-year period to which I have referred.

Mr. Osler: The only point of the question was to see whether the hon. member was trying to establish that there had been an increased depletion of farms under the present government that was extraordinary in historical terms, or whether this was a progressive process.

Mr. Dinsdale: I can understand why the hon. member for Winnipeg South Centre has a slightly guilty conscience in this regard.

Mr. Osler: I have a curious mind, that is all.

Mr. Dinsdale: In the speech which he just completed, he pointed out that all was well in the west. All is not well in the west, and the figures I am quoting apply to the period 1966 to 1971. The same figures apply to Saskatchewan. There is a decrease from some 85,000 to 76,000. I think it is doing a disservice to the people they represent when members of parliament who now find themselves in the cabinet, where they should have some influence on these matters, instead of acting as strong spokesmen for the west act as apologists. If they do it in public, what must they do in private, in the secrecy of the Privy Council? They must be completely silent.

Mr. Osler: Give us the figures for the time you were a cabinet minister and then we will believe you.

Mr. Dinsdale: I am dealing with 1966 to 1971. The Minister of Supply and Services has not yet spoken in this debate. I hope that he will. I would point out that what has happened in Manitoba in recent years has not helped to solve the fundamental problems that the hon. gentleman has described in speeches across western Canada. There is still inequity with respect to freight rates. The tariff is still stacked against us, and DREE is now stacked against us because it is actually luring away from the province the new industries which we have been establishing in recent years, because of the more attractive offers in terms of capital resources that are made available to them to relocate in other parts of Canada.

I know the minister has been proud of the fact that we are getting a new Mint in Manitoba. Also, no less than three federal ministers were present—there was a picture in the paper to prove it—at a stone-laying ceremony the other day in the city of Winnipeg with respect to the new Canada Grains Council building. There were three ministers present.

Mr. Osler: Four ministers, one NDP and three Liberals.

Mr. Dinsdale: I was referring to federal cabinet ministers. That might be good public relations.

Mr. Osler: If we could have found Tory ministers, they would have been there.

Mr. Dinsdale: There were no ministers present when the air bases were closed at Gimli and Rivers. As the hon. member for Marquette (Mr. Stewart) pointed out in a question the other day, this resulted in a loss of some 3,000 jobs. I do not think that that slack will be taken up at the Mint.

Mr. Orlikow: What about the overhaul base in Winnipeg? You forgot about that.

Mr. Dinsdale: I would point out that this sort of tokenism is not good enough and I hope a strong government spokesman will speak out on behalf of this neglected area of Canada before the debate is concluded. We sometimes forget about the great developments that took place during the period about which my friend, the hon. member for Winnipeg South Centre, wants me to talk, such as the development at Whiteshell which was a really positive development largely initiated by the then member for Winnipeg South Centre who at that time was on the treasury benches. He encouraged the location of the atomic reactor there which has been the basis of the establishment of a new community.

This is the sort of positive development which we would like to see encouraged by the ministers who represent western Canada, not the tokenism of a Mint which has not too much to offer in terms of employment and opportunity. We could talk about the development in Thompson, Manitoba. The hon. member for Winnipeg South Centre wants me to refer to those days because he wants to talk about the development at the Pas.

Mr. Osler: Yes, talk about The Pas.

[Mr. Dinsdale.]

Mr. Dinsdale: I was present at the opening of the Thompson community in 1960, and from a standing start in that year it has developed to a thriving community of some 18,000 citizens. This is the sort of development we want to see encouraged by the present government. Perhaps the Minister of Supply and Services will enlighten us on this point.

I should like to make a brief reference to the defence by the Minister of Agriculture who spoke about all the wonderful things that have recently taken place in the agricultural economy. This government gave us LIFT, the program that was supposed to stabilize the prairie grain economy because there were no markets available and we were producing too much and had to reduce our cereal crop production potential. The farmers named the program "lower income for tomorrow" even though the government of the day called it Lower inventory For Tomorrow.

The Acting Speaker (Mr. Laniel): Order, please. I regret to interrupt the hon. member, but he has gone beyond his time. Unless the hon. member has the unanimous consent of the House, he will not be able to continue. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

• (1710)

[*Translation*]

Mr. Marcel Roy (Laval): Mr. Speaker, the temptation to enter the debate on the budget tabled on May 8 last by the Minister of Finance (Mr. Turner) was too great for me to resist any longer.

I should like first of all to congratulate the minister for his great understanding of the problems which are of concern for the Canadian people and for putting such a humane philosophy as the basis for this budget. The Minister of Finance has been the architect of our time when he brought forward a budget to reinforce the Canadian economy, provide incentives that will enable Canadian industries to grow, to be competitive and provide steadier employment. I therefore wish to join with other hon. members in congratulating the minister on his masterpiece, which is realistic and corresponds to Canadian aspirations.

Mr. Speaker, I listened a while ago to the comments of the previous speaker, the hon. member for Brandon-Souris (Mr. Dinsdale), on agriculture as well as on the speech delivered last night in this House by the hon. Minister of Agriculture (Mr. Olson). I doubt that he was here when the minister delivered his speech and that doubt is being confirmed because I am sure that he did not even read the speech of the Minister of Agriculture. I will quote from page 2485 of *Hansard:*

> The performance of 1970-1971, when we sold 706 million bushels of grain, was an all-time record. This year we will exceed it by a great amount.

Those are good news as far as agriculture is concerned and as Canadians, when we sat on the committee on agriculture, we were happy to hear about the establishment of a two-price system for grains used in domestic

consumption and we were twice as happy to learn that the federal government was investing $60 million for the Prairie producers. About 175,000 western farmers will benefit by that two-price system.

Now, Mr. Speaker. I would ask the hon. member for Brandon-Souris, if he claims that he is knowledgeable in agricultural matters, as he did a moment ago, to at least come to the meetings of the Committee on Agriculture. I have often chaired that committee, I am its vice-chairman since 1968, and I challenge the hon. member to prove that he came at least once to its meetings to outline his proposals for the improvement of the lot of western producers.

Now, Mr. Speaker, what are the major budget measures which will promote the growth of our manufacturing and processing industries? Such measures have been considered within the framework of a new industrial policy. The creation of new jobs will be directly proportionate to the growth of our Canadian industry and to—

[*English*]

Mr. Dinsdale: Mr. Speaker, I rise on a question of privilege. I was not aware that the hon. member was addressing remarks to me in the first instance. He has asked me to say whether I have been present at the agricultural committee's meetings. I would inform the hon. gentleman that for 15 years I was a member of the agricultural committee. I am not at the present time a member of that committee, but I am devoting my time to three other committees. I think even he, as a comparatively new member of the House, would agree that a member who sits on three committees is doing all he can with respect to committee responsibilities.

The Acting Speaker (Mr. Laniel): I am sure the hon. member will understand, although an invitation was issued to him by the hon. member for Laval (Mr. Roy), that he cannot take up too much time during the hon. member's speech. The point he has raised may not be a point of order but it is a fair answer to the request that was made.

[*Translation*]

Mr. Roy (Laval): So, I go on to say that the creation of new jobs will be directly proportionate to the growth of our Canadian industry and to the involvement of the business community.

Among those measures, let us point out, first, that the cost of all machinery and equipment bought by a taxpayer as of May 9, 1972 and used for the manufacturing or processing of goods to be sold, will be written off in two years. It is therefore a tax deduction of the order of 50 per cent of the cost of the asset during the year of acquisition.

Furthermore, effective January 1, 1973, the highest corporation tax rate applicable to profits earned in Canada, in manufacturing or processing, will be reduced to 40 per cent. This represents a decrease of the order of 10 per cent.

Likewise the small manufacturing or processing concerns will have their income tax reduced from 25 to 20 per cent. The fiscal treatment given to such companies will now compare quite favourably with that existing in other countries, especially the United States and the extended common market.

So it is to be expected that such measures will lead to substantial incentives for the establishment of new manufacturing plants in Canada and for the development of those now existing, by increasing the income which the investments will finally produce.

This budget also gives justice to elderly people and to veterans who suffer deeply from inflation and who unfortunately have no means of protecting themselves against this calamity. Elderly people as well as veterans will no longer have to suffer the hardship of a diminishing standard of living thanks to the increased old age security pensions. In other words, we eliminate the current yearly escalation ceiling of 2 per cent so that on April 1 next year, the maximum benefits will be consistent with the total increase in the cost of living; 1,800,000 Canadians will benefit from this new policy which will cost $120 million.

In addition to escalating the old age pension to take into account the rising cost of living, we have two other measures in favour of senior citizens. Starting January 1, 1972, the monthly maximum benefits under old age security and the guaranteed income supplement will go from $135 to $150 for single people and from $155 to $285 for married couples. One million people will benefit from this new policy at a cost of $180 million.

Moreover, the income tax social exemption granted to those aged 65 and more which the government recently boosted from $500 to $650, will now be $1,000. This exemption will also be granted to taxpayers confined to bed or wheelchair and to the blind.

This year is quite important for the senior citizens residing in Canada. Exactly 20 years ago, the right hon. Louis St-Laurent, Prime Minister of Canada, presented to this House a bill on old age security pensions. This program has been modified and is now considered as second to none in the world.

No country in the world can compare advantageously with Canada as to the way we are treating our retired citizens. In fact, in January 1952, the Liberal government introduced in this House a bill granting to those aged 70 or more a monthly pension of $40. Now, 20 years later, the government has reviewed this program and is granting to those 65 or more a monthly income of $150 or $1,800 a year and to married couples a monthly income of $285 or $3,420 a year through the old age security plan and income supplement.

It is noted that more than 50 per cent of improvements to old age security pensions have been implemented under the present government headed by the right hon. Prime Minister (Mr. Trudeau).

Older citizens living in Ville de Laval will have access to a home for the aged. The federal government will earmark $2,137,500 for a centre called Manoir des Îles on Paton Drive in Chomedey, Ville de Laval. This construction, the total cost of which is $2,250,000, is administered by the government of Quebec under an agreement between the Central Mortgage and Housing Corporation and the Quebec Housing Corporation.

In the process of contributing to a more just society, the main changes to various welfare policies have been the implementation of a selective rather than universal

approach in the field of family allowances and income security. Selective benefits, that is to say benefits payable to lower income people, are being increased so as to better reflect the needs of families who shoulder heavy family responsibilities but whose income is unfortunately not commensurate with their burden.

• (1720)

As regards veterans, their pensions and allowances will also be increased yearly in accordance with the cost of living index; 333,000 Canadians will benefit from this new measure which will cost $25 million a year.

Thirdly, another measure will be of help to students: it is a new deduction related to the cost of obtaining education which will be in addition to the existing deduction for tuition fees. This new measure will be a deduction of $50 per month per student for each month in the year during which the student is in full-time attendance at certain institutions. This measure will benefit 600,000 students and will amount to $50 million.

Fully aware that our young people are an important natural asset, the government has not spared any efforts to help them through job creating opportunities during the summer months and by granting $85 million to create jobs in various federal departments.

The original Opportunities for Youth Program has been implemented. This program aims at developing the creative spirit of our young people who are asked to submit such projects as would improve the life of Canadians. This very imaginative program has met with tremendous acceptance from students who have submitted 19,000 projects.

In order not to further "bureaucratize" this initiative, full freedom has been given by the government to a youth committee to make a selection from these projects. I am very happy to learn that the government will review the implementation and approval criteria of these projects so that their execution would have some permanent effect on the well-being of the community.

Moreover, and in order to encourage industrialists to employ students in the summer months, a vote of $262,000 has been earmarked towards a national advertising program.

Wishing to contribute to the success of the Operation Placement Program, the Department of Manpower and Immigration has set up for the benefit of students 137 employment centres to be added to the 390 manpower centres disseminated across Canada.

On May 15 last, I had the privilege of presiding at the opening of the employment centre for students in Laval. That centre is located at 127 des Prairies Boulevard, at Laval-des-Rapides.

These various projects show to what extent we are concerned with the training of our leaders for tomorrow, who today, are more prone to imitate than to judge, to execute than to advise, to launch new projects than to pursue old ones.

Mr. Speaker, since Confederation, it is easy to recognize the years during which the Liberal party has ruled, since it respects the individual and his freedom. The Liberal Party is aware of the potential of each citizen. Improving the life style of Canadians is a priority objective of this Liberal government. Improving the life style of old people, of low-income Canadians, developing the potential of our youth by challenging their creativity, facilitating access to universities through interest-free loans during the academic period, those are the things that mark the difference between the Liberal party and other parties.

In closing my remarks on the study of the budget, I am bearing in mind the image of the society constantly before us, the image of a world where all are striving to retain their livelihood, sell their products, their work, their talents and their ideas.

In the first place, a well-organized economy must provide a job for those who can and want to work, and such task is not as easy as it seems.

Through last year's Local Initiatives Program, the federal government contributed to create 92,577 jobs during winter, but what impresses me even more, Mr. Speaker, is that as a member representing the province of Quebec I note that 40 per cent of these jobs, that is 38,473, were created in this province, which represents an amount of nearly $64 million.

I think that this is a feature that proves to what extent federalism spells profits for the province of Quebec.

About the Local Initiatives Program, Mr. Speaker, I should like to state that all the projects of Laval which were presented in last November were approved, for an amount of $886,000. I shall only quote some of the main grants which are very significant, for instance, $295,000 to improve the Chomedey filtering plant, which shall have an added capacity of 25 million gallons daily. Thus, we shall ensure a better pressure during peak hours, and avoid the water shortage during summer in Chomedey.

Another federal grant to Laval amounted to some $166,-725 for a sewage and water system in the area of Sainte-Dorothée. Another contribution which is quite appreciated at this time in the riding of Laval, is the $80,613 allocated for building a tunnel on Concorde boulevard, under the CP tracks. This tunnel will facilitate the east-west traffic flow which at the present time, is only possible over two main roads, Cartier and Saint-Martin boulevards.

Which means, Mr. Speaker, that last year, through the Local Initiatives Program, the government granted the City of Laval $886,847, which is equivalent to the creation of 471 new jobs. In addition to this, an amount of $318,000 was invested in the City of Laval, in the private sector, under the Local Initiatives Program, following the presentation of projects by non-profit organizations.

I could talk on and on about the many departments that are unceasingly striving to create new jobs. One of them is the Department of Regional Economic Expansion which invests in various under-privileged areas in order to foster employment there.

From 1965 to 1970, even if we have created in Canada twelve times more jobs in absolute number than in the whole of France, Germany, Italy, Belgium, the Netherlands, Sweden and Great Britain put together, there is still in this country a certain level of unemployment. Even if in March 1972 there were 8,016,000 people—that is, 336,000 people or 4.3 p. 100 more than last year—employed and

paid considerably higher salaries, the unemployment level here is still too high. However, our rate of development, at 4.3 p. 100, is by far the highest of the industrialized nations of the western world. This excellent performance was the subject of an article in the most prestigious English paper, the London *Times*, which awarded Canada the highest distinction for the best all around economic evolution of all the industrialized countries in the western world.

According to the latest figures published by Statistics Canada, the seasonally adjusted unemployment rate dropped from 6.7 per cent in April 1971 to 5.8 per cent in April 1972. During the same period, the number of unemployed decreased by 67,000.

This means that, in Canada, millions of workers are engaged in various occupations; each and every morning, these millions of workers leave for work as if they were moved by a mechanism which nobody can see, nor is aware of, and all the jobs they do are tied together like so many links of a chain with multiple branches, or like so many gears of a gigantic watch. This balance of the economy can only be attained if there is a close co-operation between the various industrial sectors in a free enterprise system, the trade unions and the state with its various levels of government.

Mr. Speaker, in view of all the measures put forward by the government, I fail to see any justification or seriousness in the amendment moved by the honourable member for Edmonton West Mr. Lambert) which reads as follows:

This House regrets the failure of the government to bring forth effective measures to relieve unemployment, to provide incentive for Canadian investment in Canadian development or to propose personal tax relief for stimulation of the economy.

Mr. Speaker, considering all the projects put forward by the federal government, I shall have to vote against the amendment.

• (1730)

[*English*]

Mr. David Orlikow (Winnipeg North): Mr. Speaker, we have been told by the Minister of Finance (Mr. Turner) that the major purpose of his budget presentation was to deal with unemployment. I believe the government will fail in its objective of dealing with unemployment, as it has since the year it was elected.

Before dealing with that matter, I want to say that I do not believe it was the major purpose of this budget. I think it was to placate the business community of this country which was dissatisfied with the Liberal government. That is why tax cuts of $500 million are being given to the corporate sector of our economy. At the same time as the government refuses to give personal income tax cuts, it proposes to permit an increase of 3 per cent at the end of the year on personal income taxes. That is the real purpose of this budget. We in this party intend to make that the major point in the election campaign whether it comes this fall or in the spring of 1973. I refer to the government so favourably and one-sidedly dealing with the corporate sector of this country.

We have been told by the Minister of Finance, the hon. member for Winnipeg South Centre (Mr. Osler) and the hon. member for Laval (Mr. Roy) how successfully the government is dealing with unemployment. The fact is that with the exception of two months, for two years we have consistently had 6 per cent or more unemployment on a seasonally adjusted basis. It is true that in April, 1972, the seasonally adjusted rate dropped to 5.8 per cent, but that was still the highest rate of unemployment in any country in the western world.

I see that the hon. member for Laval is leaving the chamber. I wish he would stay for another few moments. I want to remind him that 216,000 people in the province of Quebec were unemployed in April, 1972. He may be satisfied with that record. I am not surprised that the Parti Quebecois, the party which wants to separate, divide and destroy this country, in a recent drive had the greatest financial success it has had in its history. When there are 216,000 people unemployed in the province of Quebec it is not surprising that the people of that province are dissatisfied with federalism, Canada and the Liberal government.

An hon. Member: Are you happy about that?

Mr. Orlikow: No, I am not happy about it. I wish you people would do something about it instead of saying that everything is great. Let us look at the unemployment figures. In April, 1972, there were 250,000 people between the ages of 14 and 24 who were unemployed. These are the best educated young people this country has ever seen. Because I do not like to talk in round figures, let me tell hon. members about a visit to my office yesterday afternoon by one of my constituents.

This young lady received her BA at the University of Manitoba in May, 1970. She spent a year in the faculty of education at the University of Manitoba and completed teacher's training in May, 1971, one year ago. She was not able to get a teaching job in the province of Manitoba, and came to Ottawa. The only work she has been able to get is as a substitute teacher on very few occasions. She told me yesterday that one of her mistakes is that she has not lied to prospective employers. She told them how well educated she is. For most jobs she is over-educated. She feels that the only thing she can do now is try to get a job as a cashier in one of the supermarkets in this city.

This is a sad commentary for a society which has spent tens of thousands of dollars to train a young woman to be a teacher and she cannot get any job except possibly as a cashier in a supermarket. In spite of this, members opposite are happy about the state of our economy.

Let us look at what the Minister of Finance proposes with his budget. If you bring in a budget with the hope of expanding the economy and providing employment, you have two choices. First, you can cut personal income taxes. Is there any member of this House who doubts that personal income tax cuts, particularly for those in the low and middle income brackets, would mean an immediate expenditure of virtually all that money for goods and services which these people need? Anything given in the form of a tax cut for those who earn $12,000 a year or less—and that is the vast majority of the people in this country—would be spent. These people cannot afford to save money. Did the minister do that? Of course not. What he did was cut the rate of corporation taxes to 40 per cent and provided for another round of fast writeoffs on machinery purchases.

The minister suggested that kind of program will encourage manufacturing plants to invest in new machinery, be come more efficient and hire more workers. I suggest that it will do nothing of the kind. Manufacturing plants that are now working on short time with one shift will not invest in new machinery which they do not need to meet their present demands. If there is more demand, they will bring in more workers. They will not do what General Motors plans to do on July 1, when there will be a complete shutdown for one month or more so that all of its employees will not be working.

The minister's tax cut for corporations of $500 million will mean a substantial increase in their profits. The minister has provided a gold plated carrot for the corporations of this country, one which they do not need. The fact is that corporation profits are up very substantially. I realize some hon. members may say I am partisan, that I am unfair. They may be right. Let me, therefore, prove my contention that corporation profits are moving up substantially and that corporations do not need this carrot which the Minister of Finance is providing. I quote from the *Financial Times* of May 8, 1972: under the heading "Profits are looking better" we read the following:

• (1740)

Canadian corporate profits are continuing the recovery which began last spring, helped by tax cuts and a liberated consumer. First quarter earnings make exceptional reading. One first quarter survey in Canada, taking in 93 public companies, found that profits were 27 per cent ahead of the same period last year. Profits from both private and public companies were up 18 per cent from 1970.

The article goes on to list some examples. Steel Company of Canada Limited's first quarter profits were up 55 per cent, Royal Trust Company's first quarter earnings were up by 60 per cent, and Traders' Group Limited's by 30 per cent. Imperial Oil was ahead 33 per cent in the first quarter, Dupont of Canada's first quarter profits rose sharply, and the first quarter earnings of the Ford Motor Company of Canada were up by 60 per cent.

It is against this background that the Minister has proposed, and government backbenchers will support, this rape of the public which will give the corporations another $500 million. Keep in mind that what the minister is proposing is that beginning January 1, 1973, the 3 per cent cut in personal income tax which was instituted in the fall of 1971 as a temporary measure will cease. So in fact the ordinary citizens of Canada will experience, not a tax cut such as the corporations will receive but a 3 per cent increase in income tax.

It is true there have been increases in payments to old age pensioners and veterans, but those increases were demanded by members of the opposition in all parties for two or three years and were refused time and time again by the government. Why has action been taken now? It is because the government has been watching the public opinion polls. The government's stock has been dropping, so an attempt is being made to buy the old age pensioners. I suggest that old age pensioners have better memories than the government gives them credit for. They know what the government has done; they know it refused for three years to grant necessary increases.

[Mr. Orlikow.]

Why is the government following such a stupid budget policy? It does so because it is wedded to the idea that the only good which can be done in the economy is by the private sector. Whatever the private sector does is good. If they want to build another filling station or another supermarket, that is good, even though we do not need them. But if the government spends money on pollution control, on housing or community centres, that is bad, that is inflationary. That is why the government places all the emphasis on the private sector; and not on the whole of the private sector, either, but on the 95 big corporations which supply the campaign funds for the Liberal party.

[*Translation*]

The Acting Speaker (Mr. Boulanger): Order. It being 5.45 o'clock p.m., it is my duty, pursuant to Standing Order 60 (7), to interrupt the proceedings and forthwith put the question on the amendment before the House.

[*English*]

The House divided on the amendment (Mr. Lambert, Edmonton West) which was negatived on the following division:

• (1750)

[*Division No. 20*]

YEAS

Messrs:

Aiken
Alexander
Alkenbrack
Asselin
Baldwin
Barnett
Bell
Bigg
Blackburn
Brewin
Broadbent
Burton
Coates
Dinsdale
Dionne
Downey
Fairweather
Flemming
Fortin
Gilbert
Gleave
Godin
Grills
Gundlock
Hales
Hees
Horner
Howard (Skeena)
Howe
Knight
Knowles (Winnipeg North Centre)
Lambert (Bellechasse)
Lambert (Edmonton West)
Laprise
La Salle
Latulippe
Lewis
Lundrigan
MacDonald (Egmont)
MacInnis (Cape Breton-East Richmond)
MacInnis (Mrs.)
MacKay
MacLean
Macquarrie
MacRae
McCleave
McGrath
McKinley
Marshall
Mather
Mazankowski
Moore
Muir
Murta
Nielsen
Noble
Nystrom
Orlikow
Paproski
Peters
Ricard
Rock
Rodrigue
Rondeau
Rose
Rowland
Ryan
Rynard
Skoberg
Stewart (Marquette)
Tétrault
Thompson (Red Deer)
Valade
Woolliams
Yewchuk—75.

Division

NAYS

Messrs:

Allmand
Andras
Badanai
Barrett
Béchard
Beer
Blair
Blouin
Borrie
Boulanger
Breau
Buchanan
Caccia
Cafik
Chappell
Chrétien
Clermont
Cobbe
Corriveau
Côté (Richelieu)
Cyr
Danson
Davis
Deachman
Deakon
De Bané
Dubé
Dupras
Duquet
Éthier
Faulkner
Forest
Forget
Foster
Francis
Gendron
Gervais
Gibson
Gillespie
Gray
Greene
Groos
Guay (St. Boniface)
Guay (Lévis)
Guilbault
Hogarth
Hopkins
Hymmen
Jamieson
Jerome
Kaplan
Lachance
Laflamme
Laing
(Vancouver South)
Lajoie
Lang (Saskatoon-Humboldt)
Langlois
Leblanc (Laurier)
LeBlanc (Rimouski)
Lefebvre
Legault
Lessard
(Lac-Saint-Jean)
L'Heureux
Lind
Loiselle
Macdonald (Rosedale)
MacEachen
Mackasey
McBride
McNulty
Mahoney
Major
Marceau
Marchand
(Langelier)
Marchand
(Kamloops-Cariboo)
Morison
Munro
Murphy
Noël
O'Connell
Olson
Orange
Osler
Otto
Ouellet
Pelletier
Penner
Pepin
Perrault
Prud'homme
Richardson
Robinson
Rochon
Roy (Timmins)
Roy (Laval)
Serré
Sharp
Smerchanski
Smith (Saint-Jean)
Stafford
Stanbury
Stewart (Cochrane)
Stewart
(Okanagan-Kootenay)
Sullivan
Thomas
(Maisonneuve-Rosemont)
Trudeau
Trudel
Turner (London East)
Walker
Watson
Whelan
Whiting
Yanakis—113.

• (1800)

The Acting Speaker (Mr. Laniel): I declare the amendment lost.

* * *

BUSINESS OF THE HOUSE

Mr. Baldwin: Mr. Speaker, what are the great expectations of the government for tomorrow's business?

Mr. MacEachen: The same as Thursday last, Mr. Speaker.

Mr. Bell: Mr. Speaker, I see an hon. member sitting at the back who would like to be recognized.

The Acting Speaker (Mr. Laniel): Order. It being after six o'clock, unless the hon. member has a point of order—

Mr. Bell: It is just to adjourn the debate.

Mr. MacKay: I should like to call it six o'clock, Mr. Speaker.

At 6.10 p.m. the House adjourned, without question put, pursuant to Standing Order.

25316—37½

HOUSE OF COMMONS

Thursday, May 25, 1972

The House met at 2 p.m.

PRIVILEGE

MR. BROADBENT—ALLEGED CONFLICT IN MINISTERS' STATEMENTS CONCERNING IMPORTING OF CERTAIN TIRES BY MICHELIN FREE OF DUTY

Mr. Edward Broadbent (Oshawa-Whitby): I rise on a question of privilege, Mr. Speaker. In a letter dated June 21, 1971, sent to me by the former Minister of Finance, now Minister of National Defence (Mr. Benson), the hon. gentleman asserted:

> The government has agreed to permit the Michelin Company to import certain types and sizes of tires duty-free for a period of three years—

On May 8 of this year the present Minister of Finance (Mr. Turner) asserted in the House, as reported on page 1973 of *Hansard*:

> Mr. Speaker, the government has not authorized any duty-free entry of certain types or sizes of tires for the Michelin Company, nor has any decision been reached as to when such a remission would come into effect.

On May 9, I once again questioned the minister on this point, asking whether the three-year concession had been cancelled or put off to another time. The Minister of Finance replied, as reported on page 2087:

> I would interpret it primarily as a matter of time, Mr. Speaker.

Finally, on May 11 the Minister of Finance asserted in the House that "no remission or relief has actually been granted to the Michelin Company".

In today's *Globe and Mail* it is reported that Mr. J. D. Moore, president of Firestone Tire and Rubber Company of Canada, asserted in a speech in Toronto yesterday that the Michelin Tire Company of Nova Scotia had been granted the right to import tires duty-free into Canada for a three-year period beginning in 1970 as a concession for establishing two plants in Nova Scotia. This confirms the statement made to me in the letter of the former Minister of Finance last year.

In view of the seriousness of this contradictory information provided by two ministers of the Crown, I move:

> That this matter be referred to the Standing Committee on Privileges and Elections and that the Minister of Finance be requested to appear before that committee in order to make a full explanatory statement on the question of tariff concessions made to the Michelin Tire Company.

Mr. Speaker: The hon. member has given the Chair notice of his intention to bring this matter before the House by way of a question of privilege. I think the hon. member knows the rules and practices of the House in relation to statements made outside the House and statements that are allegedly contradictory. It is a long-established point of procedure that this cannot be raised in the House by way of question of privilege. I refer hon. members to Citation 113 in Beauchesne's Fourth Edition which states in part:

• (1410)

> —a dispute arising between two members, as to allegations of facts, does not fulfil the conditions of parliamentary privilege.

This, of course, extends to contradictions which may come to the attention of hon. members in relation to statements made by two ministers. I do not think this kind of situation ought to be discussed by the House by way of a question of privilege and then referred to the Standing Committee on Privileges and Elections.

The duty of the Chair is to determine whether there is a prima facie case of privilege. I have to rule that in view of the precedents and long-established practice the matter cannot be considered by the House at this time as suggested by the hon. member for Oshawa-Whitby.

* * *

HOUSE OF COMMONS

PRESENCE IN SPEAKER'S GALLERY OF PARLIAMENTARY DELEGATION FROM ROUMANIA

Mr. Speaker: I should like to draw to the attention of the House the presence in the Speaker's gallery of a very distinguished parliamentary delegation from Roumania, led by His Excellency Mr. Stefan Voitec, President of the Grand National Assembly of Roumania.

Some hon. Members: Hear, hear!

Mr. Speaker: Hon. members may recall that Roumania was a most gracious host last year to a delegation of members of this House. The President of the National Assembly, accompanied by Madame Voitec, and four parliamentary colleagues are now visiting Canada as guests of the House of Commons. On behalf of hon. members I extend to them a very hearty welcome.

[*Translation*]

I also know I am expressing the sentiments of each and every hon. member of the House in welcoming President Voitec, Madame Voitec and members of the National Assembly of Roumania. I am convinced that their visit to Canada will further enhance the co-operation which already characterizes the relations between Roumania and Canada.

Mr. President, I very sincerely hope that your stay among us, unfortunately of too short duration, will have been both a pleasant and a rewarding experience for all members of your delegation.

[English]

PRIVILEGE

MR. HORNER—RESULT OF SOFTBALL GAME BETWEEN MEMBERS OF PARLIAMENT AND PROTECTIVE STAFF

Mr. J. H. Horner (Crowfoot): Mr. Speaker, I rise on what might be called a question of privilege to inform you and the House that the annual ball game last evening between members of parliament and members of the protective staff was won by the members of parliament by the close score of 21 to 20. Perhaps I might suggest that a pay increase for the protective staff would provide a greater incentive for them to recruit better ball players.

Some hon. Members: Hear, hear!

ROUTINE PROCEEDINGS

AGRICULTURE

First report of Standing Committee on Agriculture—Mr. Beer.

[*Editor's Note: For text of above report, see today's Votes and Proceedings.*]

* * *

FISHERIES

STATEMENT ON CANADIAN POSITION AT ANNUAL MEETING OF INTERNATIONAL COMMISSION FOR THE NORTHWEST ATLANTIC FISHERIES

Hon. Jack Davis (Minister of Fisheries): Mr. Speaker, I should like briefly to outline to the House the approach that Canada is taking at the 22nd annual meeting of the International Commission for the Northwest Atlantic Fisheries when it opens in Washington today.

There are two basic thrusts: one is conservation and the other is a special preference for coastal states. The emphasis is on conservation. Most of the traditionally fished stocks in the Northwest Atlantic are either being overfished or are under heavy fishing pressure, with the result being a reduction in the supply of fish available to our inshore fishermen. This is why Canada is urging a cutback in the offshore fishing efforts by all nations and a special allocation, in Canada's favour, to improve the income of inshore fishermen in the maritime provinces, Newfoundland-Labrador and Quebec.

Our approach is based on sound, scientific principles. Each fish stock should be managed separately. Its size should be determined annually by a group of scientists who are regarded as authorities in their field. These international experts will estimate the sustainable yield for each species—a level of catch which can be taken by fishermen from the 15 nations operating in the North Atlantic and still allow the resource to return to a healthy state.

Individual quotas can then be struck for each nation. Canada, being a coastal state, will receive a special allocation. This special allocation will be included in the Canadian total in order to protect our inshore fishermen.

We are proposing that the over-all quota, or total sustainable yield of each species, be allocated as follows: 40 per cent for each nation in proportion to its latest three-year catch statistics; 40 per cent reflecting its catches in the preceding ten-year interval; 10 per cent additional to the coastal state; and 10 per cent to look after contingencies.

I could put it another way, Mr. Speaker. The estimate of over-all sustainable yield will be reduced by 10 per cent so as to be on the safe side in so far as the commission members total catching effort is concerned. A further 10 per cent will be set aside, preferentially, for the coastal states, primarily Canada. The remaining 80 per cent will be divided among all 15 nations, including Canada, on the basis of recent history.

As Canada has been responsible for half of the total ground-fish catch off our east coast, we will be allocated more than 50 per cent of the estimated sustainable yield of cod, redfish and flounders in 1973.

If we can sell this approach, this formula, this practical step toward responsible management in the Northwest Atlantic, to the other member nations of ICNAF, we will have gone a long way toward stabilizing our commercial fishery on Canada's east coast. We will have introduced order out of chaos. We will have converted the International Commission for the Northwest Atlantic Fisheries from an academic exercise by scientists into a fish management authority.

We will also have set an example for the rest of the world. Few international commissions have any authority over the catching effort employed by individual nations operating in international waters. Canada, by arming ICNAF in this way, will therefore be setting the stage for sound management of the living resources of the sea, something which is long overdue in the other fishing areas of the world.

A word in conclusion, Mr. Speaker, about salmon. We are adamant. Nations which look after their own rivers—rivers in which Atlantic salmon can spawn—should have the sole right to harvest these fish. Countries like Denmark whose rivers and streams produce few salmon have no right to take salmon on the high seas. Our negotiating team at ICNAF will, therefore, be calling for an immediate cessation to fishing for Atlantic salmon by other nations off West Greenland.

Mr. Lloyd R. Crouse (South Shore): Mr. Speaker, we on this side listened with interest to the statement on policy made by the minister in respect of the proposals to be put forward at the annual meeting of the International Commission for the Northwest Atlantic Fisheries. The threat to the Atlantic salmon as a commercial species must be viewed in the over-all context of the depletion of our marine resources by overfishing, especially by the fishing fleets of foreign nations that fish off our shores, and the failure of ICNAF to respond to this situation. The sea is the world's main source of protein, and any threat to the existence of this natural food bank should be of global concern.

In a paper prepared for the United Nations Food and Agricultural Organization for the Stockholm Conference on the Human Environment to be held next month under the sponsorship of the United Nations, Dr. Henry Regier of the University of Toronto and Dr. Don W. Kelley, who was formerly associated with FAO, came out flatly and said that world fisheries face total destruction unless techniques already available for saving them are properly used. The FAO recommended a number of ways to cope with the situation, including a recommendation which states that fish stocks should be managed rationally through controls, including monitoring and periodic assessments of fish catches and limits on waste disposal. The paper contains this warning:

> Time is not on our side. In spite of growing environmental and economic awareness, we have grave concern about the future ecological state of the fresh water and inshore marine communities from the viewpoint of fisheries.

• (1420)

I submit that it is to this problem that ICNAF must address itself, otherwise it will be leaving open to question the justification for its very existence.

The minister makes reference in his statement to a formula which Canada will be putting forward allocating quotas on a total sustainable yield of each species. However, it is not clear from his statement whether these species include Atlantic salmon or whether the estimate of the over-all sustainable yield would be an adequate basis for the establishment of an over-all quota even if reduced by 10 per cent for those species of fish, including salmon, which have already declined as a consequence of overfishing. It does appear, however, that Canada will have two separate proposals: one for allocating quotas on all species except salmon, and a resubmission of our proposal of 1969 for a total ban on salmon fishing on the high seas.

In the ICNAF conference of 1969 Canada's proposal was rejected by a vote of eleven to two with one abstention. What hope do we now have of our proposal being accepted? Our chances are no better now than they were three years ago; if anything they are worse. Under the provisions of the ICNAF agreement, the proposal must be accepted unanimously. Since the 1969 conference, the Danish government has taken a hard line toward Canada's proposal and, in an effort to undermine our position within ICNAF, they have entered into a bilateral agreement with the United States to phase out the Greenland salmon fishery within five years. This proposal is untenable and unacceptable to Canadians and it is unacceptable to Canadian fishermen. The Americans were responding at that time to the pressures of very influential and wealthy sports fishermen when they entered into this agreement with the Danes. I submit that the agreement fails to recognize the urgency of the situation.

Statistics indicate that there has been a sharp increase in the total catch coincidental with the discovery of the Greenland feeding grounds by the Danes. The Danes keep saying that they cannot agree to Canada's proposal for a ban on high seas fishing because they say there has been no evidence provided to them that high seas fishing is depleting the salmon stocks. If this statement is true, it is an indictment of the Secretary of State for External Affairs and of the Minister of Fisheries for not presenting in clear and simple language our case to the Danish government.

Some hon. Members: Hear, hear!

Mr. Crouse: I say this because statistics indicate that there has been a sharp increase in the total catch coincidental with the Greenland fishery. The Danish catch has risen from 50 metric tons in 1965 to 2,654 metric tons in 1971. This figure, of course, corresponds with the decline in the Canadian commercial catch as well as the virtual disappearance of salmon from rivers in New Brunswick and Quebec.

I ask the minister, in view of the very serious economic impact that this situation has on Atlantic Canada, whether these figures were made available to the Danish government, and if they were not, why they were not made available?

Mr. Speaker: Order please. I have to interrupt the hon. member to remind him of the terms of the Standing Order which allow him to comment briefly on a ministerial statement. There should not be a debate at this time. The hon. member was given the floor for the purpose of commenting briefly on the statement made by the minister. I hope that the hon. member will bear that in mind in continuing his remarks.

Mr. Crouse: Mr. Speaker, I thank you for that admonition but I wish to point out to you, Sir, that this is the same thing that happens when fisheries are talked about at international conferences—there is always an urgency to get on to something else. With all deference to your ruling, I must take a little time to explain the situation because I live in Atlantic Canada and I see what is happening in that area. The decline of our fisheries is having a tremendous impact on our people.

Mr. Speaker: Order, please. I appreciate the point made by the hon. member for South Shore, but at the same time the rules are there. It seems to me, if the matter is as important as the hon. member says it is, and of course I know and all hon. members know it is, that perhaps there might be an opportunity under the rules for a more extended debate to be had in which the hon. member might ask the searching questions he has been asking, but certainly under the terms of the Standing Order this is not the occasion to do it. In any event, I thought it was my duty to bring this to the attention of the hon. member.

Mr. Crouse: Thank you, Mr. Speaker. I will try to conclude very briefly. I would point out to the minister and the House that Canada imports almost 35 million dollars worth of goods annually from Denmark. According to a press dispatch from Copenhagen in the *Globe and Mail* of May 25, Danish officials claim that they are exporting about $12 million worth of salmon to Canada. If one were to give credence to this figure, the appropriate government action should be obvious. Unlike the minister, we believe that a case can be made for a restriction to be placed on all Danish goods coming into Canada. I am sure we would find the Danes not nearly so inflexible in their approach to this matter if the Canadian government were to take this action.

I also believe we should be prepared to review our membership in ICNAF if we are, in the words of the minister, to change ICNAF from an academic exercise by scientists into a fish management authority. Again, for the life of me I cannot understand why the minister did not make his statement in Washington today rather than in this House, because that is where he should be to impress upon the various nations overfishing in the North Atlantic that we have a real problem and that we have to find a reasonable solution to it.

Mr. Thomas S. Barnett (Comox-Alberni): Mr. Speaker, I agree with the hon. member for South Shore (Mr. Crouse) that the matters raised in this statement are very important and urgent. In light of Your Honour's suggestion I would invite him and his colleagues to raise this subject matter for more extensive debate tomorrow when I believe an opportunity to do so will be offered.

The minister has outlined Canada's position at the ICNAF meeting, a position that can only be described as a very generous position to the other 14 nations involved in the commission. I say this advisedly because it is a well known fact that by and large the groundfish stocks off our shores are to be found upon the continental shelf and, as hon. members know, the resources of the continental shelf from the sea bed downward belong to the coastal states under international law.

Some of us feel that the logical position we ought to develop at a future law of the sea conference is that we have a prior claim to the resources that lie above the seabed on the continential shelf off our shores. Therefore Canada, in going to the meeting which opens today in Washington and suggesting that other fishing nations in the North Atlantic be entitled to take up to 80 per cent of their long-term average catches based on past fishing efforts, I suggest is making a very generous proposal. If the other nations involved have any regard at all for the conservation of the resources of the sea, I do not see how they can do otherwise than accept this offer without undue debate.

The minister makes reference to sustained yield catches being based on scientific management techniques. I think all hon. members, including the minister, would agree that techniques of scientific management of the various fish stocks have not yet been developed to perfection. Indeed, his suggestion of a 10 per cent contingency allowance bears that out.

• (1430)

I would suggest that if there has been any value in the work of ICNAF to date it is that some basis has been laid for a scientific understanding of fish stocks in the North Atlantic on which future management techniques can be based. Regretfully, actual fish management has not so far been developed. At this time and in the light of known facts, unless we are prepared to accept scientific management of fish stocks in the North Atlantic there has been little point to ICNAF and this exercise which goes back almost 20 years.

When we speak of scientific management I hope that not only Canada but all the other nations mean genuine scientific management and not just management based primarily upon the marketing desires of the various fishing nations in relation to what they catch from time to time. We have had some unfortunate experiences within our own area of jurisdiction. I feel there has been some yielding to pressure for overcatching of stocks based on the desire of those doing the harvesting to sell their catches, and that genuine scientific management has suffered. The sad story of the herring fishery on the Pacific coast of Canada is an example.

The minister makes a brief reference to Atlantic salmon. This matter has been the subject of extensive discussion in the Standing Committee on Fisheries and Forestry and perhaps it does not need to be expanded upon at this time.

Despite what I consider to be the ill-advised agreement made between the United States and Denmark for a long-term phasing out of Atlantic salmon fishing, I hope the United States will join Canada in seeking an immediate ban. Some people have suggested that the main pressure within the United States has come from sports fishermen. I suggest that these people should throw their weight behind the position that Canada is seeking in its presentation to the commission in the hope that in the end both the United States and Denmark will agree that Canada's position regarding Atlantic salmon is much sounder than that in the agreement to which I have referred.

[*Translation*]

Mr. Gilbert Rondeau (Shefford): Mr. Speaker, the hon. Minister of Fisheries (Mr. Davis) made his statement available to us only a few minutes before the beginning of this afternoon's sitting. I regret that, once more, only the English text of the statement was distributed. I hope that next time the hon. minister will have something else to offer us than apologies, and that he will be able to let us have the French text at the same time as the English.

I see, Mr. Speaker, that in some department there is failure to apply bilingualism. Before speaking of bilingualism—

Mr. Speaker: Order. The hon. member should restrict his remarks to fisheries problems rather than turning to those of bilingualism.

Mr. Rondeau: Mr. Speaker, I understand your point of view full well, but almost every time a minister makes a statement we Créditistes get a copy of it in English only. We trust the situation will be rectified.

Mr. Speaker, in his statement the minister gave the priorities the government intends to discuss at the meeting of the International Commission for the Northwest Atlantic Fisheries which opens today in Washington.

It is not so much what the government intends to discuss in Washington that is important to the Canadian fishermen who are dissatisfied at this time, and rightly so, but rather the concrete results that will stem from the meeting. Not only should the minister and the officials of his department not make any concessions at the meeting, but they should insist on our sovereignty over the adjacent continental shelf to a depth of 1,000 fathoms off the Canadian coast as well as over its resources.

Mr. Speaker, we have been speaking about sovereignty and fishing rights for a long time in this House. In my opinion, the government could have inveiled today a more realistic and specific approach to be proposed at that important international meeting.

Mr. Speaker, we note in the statement that the government does not discuss the possibility of making breeding ponds available to Canadian fishermen when we know, according to statistics, that they have always been unable to compete against imports in that field. Last year, Canadian imports from Denmark amounted to $37 million, while our exports to that country totalled $15 million. We therefore suffered a trade deficit of $22 million solely for fisheries.

We trust that the minister will alter his proposed plan at that international meeting, because Canadian fishermen are faced with tremendous problems.

In 1969, I saw in the Gaspé region five foreign fishing ships which, in the space of a few hours, took all the fish from the fishermen of that area. In a few hours, these ships stole the incomes of the Gaspé fishermen, and this, with a permit from the federal government. All that the fishermen did, was to take out their shotguns and shoot at the fishing boats which stood at anchor about one mile from the Gaspé shores. This is all the protection that the Minister of Fisheries was then granting to the Gaspé fishermen.

That is why I was then shocked by the situation of fisheries, in Canada. In my view, the minister, today, while expressing good wishes, was not specific enough when he said that he could propose a valid solution for Canadian fishermen.

* * *

[*English*]

WAR CLAIMS

TABLING OF REPORT OF WAR CLAIMS COMMISSION, WORLD WAR II

Hon. Robert K. Andras (Minister of Consumer and Corporate Affairs): Mr. Speaker, pursuant to Standing Order 41(2) I wish to table, in both official languages, the report of the War Claims Commission, World War II, signed by Mr. Thane A. Campbell, Chief War Claims Commissioner.

ORAL QUESTION PERIOD

FINANCE

CONTROL OVER PUBLIC EXPENDITURES—SUGGESTED ISSUANCE OF INSTRUCTIONS BASED ON AUDITOR GENERAL'S REPORT

Mr. G. W. Baldwin (Peace River): Mr. Speaker, I should like to ask a question of the right hon. Prime Minister. In light of the statements contained in the report of the Auditor General for the 1970-71 fiscal year with regard to the continuing dangerous deterioration of parliamentary control over public expenditures through such devices as expenditure of moneys not spent in the proceeding year, the use of the contingency fund carryover, legislating by estimates and other similar arrangements, will the government cease and desist from these practices and will instructions be issued to members of cabinet and to government departments that these practices must be discontinued?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I am sure the House would agree that it would be better for the House itself to give such instructions if it feels that they are warranted. For that very reason the government House leader will later today give notice that he wants this report to be brought before the parliamentary committee at a very early date.

• (1440)

Mr. Baldwin: That brings me to my next question. As this statement is a repetition of a similar statement in the previous auditor general's report and as there are now approximately 40 recommendations by the Public Accounts Committee which the government has either rejected or neglected, will the government find some very early way and time for the House to debate these very serious situations?

Mr. Trudeau: Yes, Mr. Speaker. I hope very much that the Public Accounts Committee, to which I have just referred, will use all diligence to examine this report which is always very helpful to the government.

Some hon. Members: Oh, oh!

Mr. Lambert (Edmonton West): This is a matter for the House.

Mr. Baldwin: I asked the Prime Minister about a debate in the House; as he does not want to reply, I give him notice that we will be debating this subject tomorrow.

Mr. Trudeau: Tomorrow? Very well.

AUDITOR GENERAL'S REPORT—REMISSIONS TO COMPANIES UNDER MACHINERY PROGRAM—ALLEGED FAILURE TO REPORT TO PARLIAMENT

Mr. David Lewis (York South): Mr. Speaker, I should like to ask a supplementary question emanating from the same report. In the absence of the Minister of Finance may I address a question to the Minister of Industry, Trade and Commerce arising out of a statement in the Auditor General's report that a number of remissions to companies under the machinery program of the minister's department, totalling over $71 million in the year 1970-71, were not reported individually to parliament as required by section 17 of the Financial Administration Act. I ask the minister to inform the House what the reason is for the failure to make such reports as required by law?

Hon. Jean-Luc Pepin (Minister of Industry, Trade and Commerce): Mr. Speaker, I will have to look into the matter on which the hon. member requests information and give a proper answer tomorrow.

Mr. Lewis: I appreciate that perhaps the minister may not have this information at his fingertips. If he finds that these remissions, totalling a very large amount of money, were not reported individually when they exceeded $1,000 each, will he undertake to the House to table a list of such remissions which were not reported in the way required?

Mr. Pepin: Mr. Speaker, I have already said I will look into it.

AUDITOR GENERAL'S REPORT—FAILURE OF CERTAIN COMPANIES TO FILE FINANCIAL STATEMENTS—INQUIRY AS TO PROSECUTIONS

Mr. David Lewis (York South): Mr. Speaker, may I address a further supplementary question to the Minister of Justice. In view of the considerable number of companies that have failed to file annual financial statements as required by a section of the Canada Corporations Act and as an even greater number of companies failed to file annual returns as required by another section of the act, can the minister inform the House whether charges are being laid or contemplated against the companies that have failed to file financial statements or annual returns? If so, how many such prosecutions are being initiated?

Hon. Otto E. Lang (Minister of Justice): Mr. Speaker, I will be glad to take the question as notice and discuss the matter with the minister responsible for those returns, as well as looking at the facts in my department.

AUDITOR GENERAL'S REPORT—ACTION TO COLLECT MONEYS OWED BY CERTAIN PROVINCES FOR MILITARY SERVICES IN EMERGENCIES

Hon. George Hees (Prince Edward-Hastings): Mr. Speaker, may I direct a supplementary question to the Prime Minister in the absence of the Minister of Finance. Perhaps the Prime Minister will discontinue his reading for a moment and listen to my question. Will he ask the Minister of Finance to take the first opportunity on motions to explain what the government intends to do to collect the $816,000 which has now been owed for two years or more by the provinces of Newfoundland, Nova Scotia, Prince Edward Island, Saskatchewan and British Columbia for military services rendered in emergencies, and why the money has not been collected so far?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I will be very happy to discuss the question with the Minister of Finance.

An hon. Member: A supplementary question—

Mr. Speaker: Order, please. There are at least ten hon. members rising for supplementaries. The Chair will recognize a few and then go to the hon. member for Lotbinière. For the moment the Chair recognizes the hon. member for Oxford.

[Mr. Pepin.]

AUDITOR GENERAL'S REPORT—ACTION ON OFFENCES ALLEGEDLY COMMITTED BY CERTAIN PUBLIC SERVANTS IN EXPENDITURE OF MONEYS

Mr. W. B. Nesbitt (Oxford): Mr. Speaker, may I direct a supplementary question to the Prime Minister in the absence of the Minister of Finance. In view of various offences which, according to the 1970-71 report of the Auditor General, appear to have been committed by certain public servants with respect to the spending of public moneys, could the Prime Minister find out—perhaps he knows already—whether the Minister of Finance has consulted or intends to consult with the Attorney General of Canada in order that appropriate action may be taken?

Right Hon. P. E. Trudeau (Prime Minister): I will be very glad to, Mr. Speaker.

SUGGESTED INQUIRY INTO WASTING OF FUNDS

Mr. Barry Mather (Surrey-White Rock): Mr. Speaker, may I direct my supplementary question to the attention of the Prime Minister. Having in mind that the Public Accounts Committee has had a book compiled listing its scores of recommendations made between 1930 and 1970, a 40-year period, for the stopping of waste by the government, will the government give consideration to inquiring not only into those items of waste but also into the root cause of this continuing government goofing?

AUDITOR GENERAL'S REPORT—ALLEGED IRREGULARITIES IN SPENDING BY NORTHERN CANADA COMMISSION—GOVERNMENT ACTION

Mr. Paul Yewchuk (Athabasca): Mr. Speaker, my supplementary question was for the Minister of Indian Affairs and Northern Development but I will direct it to the parliamentary secretary. Inasmuch as the Auditor General's report for the third year in a row has pointed out some very serious irregularities in spending by one northern Canada commission, amounting to about half a million dollars last year which was not authorized by the Governor in Council or Treasury Board, could the parliamentary secretary indicate why these irregularities are continuing and what is going to be done about them?

Hon. Martin P. O'Connell (Minister of Labour): Mr. Speaker, I will draw the question to the attention of the Minister of Indian Affairs and Northern Development. I reiterate that the report will be before the standing committee soon.

Mr. Baldwin: One would think they were spending their own money.

* * *

EXTERNAL AFFAIRS

RHODESIA—CONSULTATION WITH OTHER COUNTRIES TO INTENSIFY SANCTIONS

Mr. Andrew Brewin (Greenwood): Mr. Speaker, my question is addressed to the Secretary of State for External Affairs. In the statement the minister tabled yesterday

concerning the Rhodesian situation, he stated that Canada would continue to maintain in effect existing sanctions. May I ask whether the government will give consideration to consultations with other likeminded nations in the Commonwealth and the United Nations with a view to the intensification of sanctions, rather than the mere maintenance of existing sanctions, so as to make them more effective and eventually bring about majority rule in Rhodesia?

Hon. Mitchell Sharp (Secretary of State for External Affairs): Mr. Speaker, if the hon. gentleman is speaking about intensification of our sanctions, I do not think they can be intensified. They are total.

Mr. Lambert (Edmonton West): Totally ineffective. They are pure humbug, Sir.

Some hon. Members: Oh, oh!

[*Later:*]

Mr. Doug Rowland (Selkirk): Mr. Speaker, my question is supplementary to that asked by the hon. member for Greenwood. I would ask the minister to reply to the second part of the question which did not deal with Canadian sanctions against Rhodesia but with the possibility of encouraging other nations to intensify their sanctions and to make them as total as Canada's. Is any initiative being taken by Canada in that regard?

Mr. Sharp: Mr. Speaker, I hope all nations observe the United Nations sanctions. They are supposed to be universal. I am glad to have the support of the hon. member in these representations.

INQUIRY AS TO SANCTIONS AGAINST DENMARK BECAUSE OF ATLANTIC SALMON FISHING OPERATIONS

Mr. Frank Howard (Skeena): Mr. Speaker, may I direct a supplementary question to the Secretary of State for External Affairs on a much more important matter which strikes closer to home. Does the government intend to institute sanctions against the Danish government because of its action in fishing for North Atlantic salmon and the manner in which that country has disregarded our interests?

Mr. Speaker: Order, please. That is hardly a supplementary question, as the hon. member for Skeena will no doubt recognize. However, as the question has been asked perhaps the minister might want to reply.

* * *

[*Translation*]

PENSIONS

OLD AGE SECURITY—INQUIRY AS TO RECIPIENTS OF SUPPLEMENTARY BENEFIT PAID BY QUEBEC

Mr. Gérard Laprise (Abitibi): Mr. Speaker, I would like to ask a question of the Minister of National Health and Welfare.

The Quebec social affairs minister stated last night over the CBC French network that Quebec was granting a monthly allowance of $31 to people 65 years of age and over who were living in homes and that it would be increased to $40 next September.

Can the National Health and Welfare Minister tell us if the Quebec allowance is added to the old age pension granted by the federal government and can he also inform us who were the recipients since old people do not seem to have received the amounts allegedly paid by Quebec?

• (1450)

[*English*]

Hon. John C. Munro (Minister of National Health and Welfare): Mr. Speaker, I find the hon. member's question somewhat confusing. All I can say is that I did read what the Quebec minister of social affairs had to say. All I gather is a suggestion that he intends to make additional charges to those over 64 who are being maintained in provincial institutions. I am seeking clarification of his statement.

* * *

[*Translation*]

INDUSTRY

FURNITURE—EFFECTS OF EXPORT OF HARDWOOD TO JAPAN ON WOOD SUPPLY FOR CANADIAN MANUFACTURERS—PROPOSED MEASURES

Mr. Georges Valade (Sainte-Marie): Mr. Speaker, I have a question for the Minister of Industry, Trade and Commerce.

It has to do with the difficult situation facing the Canadian furniture industry and especially that of Quebec following massive purchases of hardwood by Japan in the last few months, which deprive this industry of essential raw materials. What action does the minister intend to take to protect this important Canadian industry?

Hon. Jean-Luc Pepin (Minister of Industry, Trade and Commerce): As a matter of fact, Mr. Speaker, the furniture industry, particularly in Quebec, is doing very well, and this development, unfortunately, comes at the same time as a large increase in our exports of maplewood especially. Efforts are now being made to increase the production of that wood and I was told a few days ago by officials of my department that the situation was improving.

Mr. Valade: Mr. Speaker, I should like to put a supplementary question to the minister. Is he in a position to assure the people concerned in this industry that they will have the required hardwood, which is essential to the making of Canadian furniture?

Mr. Pepin: Mr. Speaker, I can only assure you that my department will make all possible efforts to help producers put on the market the quantity of wood needed.

Inquiries of the Ministry

[*English*]

AGRICULTURE

SUGGESTED FOWL BUYING PROGRAM TO REDUCE EGG PRODUCTION

Mr. R. E. McKinley (Huron): Mr. Speaker, I have a question for the Minister of Agriculture. Now that the provinces have reached a reasonably tentative agreement regarding control over egg production, would the government initiate an effective fowl buying program to relieve the overproduction of eggs immediately?

Hon. H. A. Olson (Minister of Agriculture): If the provinces have reached such an agreement which has sufficient substance in it to make it workable, it will be helpful if they will communicate the contents of the agreement to me.

* * *

EXTERNAL AFFAIRS

INQUIRY AS TO OPENING OF EMBASSY IN BUCHAREST

Mr. Heath Macquarrie (Hillsborough): I have a question for the Secretary of State for External Affairs, Mr. Speaker. May I again ask the minister whether the government has plans to open an embassy in Bucharest and to appoint an ambassador accredited solely to the People's Republic of Roumania which for some time has had a prestigious embassy in Ottawa?

Hon. Mitchell Sharp (Secretary of State for External Affairs): It was my privilege to receive similar representations from the distinguished representatives from Roumania who are here, and I assured them that Bucharest was on the list.

* * *

AGRICULTURE

CRITERIA THAT PROCESSING INDUSTRIES MUST MEET TO QUALIFY FOR BUDGET TAX REDUCTION

Mr. J. H. Horner (Crowfoot): I have a question for the Minister of Agriculture, Mr. Speaker. Can the minister inform the House and the country what criteria agricultural products processing industries must meet in order to qualify for the tax reduction announced in the budget?

Hon. H. A. Olson (Minister of Agriculture): Yes, Mr. Speaker. I have a long list here in front of me but I am sure Your Honour would not allow me to read it at this time.

[*Later:*]

Mr. Horner: Mr. Speaker, I have a supplementary to direct to the Minister of Agriculture. Would he table the criteria that companies have to meet in order to qualify for the tax reduction?

Mr. Olson: This is, of course, a question which should be addressed either to the Minister of National Revenue or to the Minister of Finance because they will have to administer these laws. But I can advise the hon. member that this matter was discussed somewhat extensively in the standing committee this morning, as the hon. member would have known had he been there.

Some hon. Members: Oh, oh!

* * *

ADMINISTRATION OF JUSTICE

UNITED STATES SUPREME COURT DECISION ELIMINATING NEED FOR JURY UNANIMITY IN CRIMINAL CASES—CANADIAN POSITION

Mr. Derek Blackburn (Brant): Mr. Speaker, my question is for the Minister of Justice. In light of a recent decision by the United States Supreme Court eliminating the need for unanimity among juries in criminal cases, does the minister intend to introduce similar legislation applicable to Canada?

Hon. Otto E. Lang (Minister of Justice): We have no immediate intention of introducing such legislation. The whole question of the appropriate approach to criminal law reform is being studied presently by the Law Reform Commission as well as in the department and may result in legislation at the next session.

* * *

[*Translation*]

INDUSTRY

TEXTILES—ORDERS SENT TO ROUMANIA—MEASURES TO PROTECT JOBS OF CANADIANS

Mr. André Fortin (Lotbinière): Mr. Speaker, my question will be of interest, I hope, to the Minister of Industry, Trade and Commerce.

Some Canadian textile industries enjoying financial support from the federal government now order almost as much work in Roumania as in Canada, thus jeopardizing the jobs of Canadian workers. Is the minister aware of this fact and does he intend to take specific measures to preserve Canadian jobs in the textile field?

Hon. Jean-Luc Pepin (Minister of Industry, Trade and Commerce): Mr. Speaker, I have—

Mr. Speaker: Order. I hope the minister will be able to reply briefly to this question. I am sure the hon. member for Lotbinière will admit that his question has a very wide scope and should normally be answered by the minister in the form of a statement on motions. If the minister can reply briefly, the Chair will recognize him for this purpose.

Mr. Pepin: Mr. Speaker, I can only confirm that indeed we import textiles from Roumania. If we wish to continue to export our products to Roumania, I suggest that we have to allow Roumania also to export her products to Canada.

[*English*]

TRADE

ACTION RESPECTING TRADING BLOCS AND OPERATIONS OF MULTINATIONAL CORPORATIONS

Hon. Marcel Lambert (Edmonton West): Mr. Speaker, my question is for the Minister of Industry, Trade and Commerce. In light of statements in the report of the Ontario Economic Council calling attention to the changing world patterns in trading blocs and the lack of control by host countries over the operations of multinational corporations, would the government tell us what steps it has taken in connection with the development of these trading blocs and what views it has concerning the operations of multinational corporations, bearing in mind the bleak future predicted for Canada's international trade?

Mr. Speaker: I suggest, with respect, that this is a very general question that would normally call for a statement on motions. But if the minister can reply briefly he will be allowed to do so.

Hon. Jean-Luc Pepin (Minister of Industry, Trade and Commerce): I think I can reply briefly. I have not read the report of the Ontario Economic Council, but the presentation of it by the chairman as an amalgam of fact, opinion, argument, judgment and interpretation is not much of an invitation. On the subject, and taking the European Economic Community as an example, I was in the Senate for two hours yesterday, and I will send a copy of my speech to the hon. member. As to all the other blocs, I have spoken brilliantly on these subjects on a number of occasions.

Some hon. Members: Hear, hear!

Mr. Speaker: Order, please.

* * *

INDIAN AFFAIRS

PROVISION OF FUNDS TO UNION OF NOVA SCOTIA INDIANS RESPECTING HUMAN RIGHTS PROPOSAL

Mr. Robert Muir (Cape Breton-The Sydneys): My question, Mr. Speaker, is addressed to the Secretary of State. It concerns a question I put to him a few days ago with regard to a telegram received from the president of the Union of Nova Scotia Indians, with particular reference to the statement that moneys, the advance of which had been approved in principle by the minister's officials, were not forthcoming, and this without any explanation being given. The minister undertook to investigate; I wonder whether he is now in a position to throw any light on this subject?

[*Translation*]

Hon. Gérard Pelletier (Secretary of State): Yes, Mr. Speaker. First of all, it is about a communication and the hon. member inquired whether I had received it. I must say that we have indeed received it and that we shall be shortly in a position to make an announcement on the subject which interests the hon. member concerning new developments in the government policy.

Inquiries of the Ministry

[*English*]

INDUSTRY

MICHELIN TIRE COMPANY—POSSIBLE EXEMPTION FROM CUSTOMS DUTIES ON CERTAIN IMPORTS

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, my question is addressed to the Minister of Industry, Trade and Commerce and is in the field in which he understated his brilliance. Could the minister clarify the Michelin tire situation? I ask this in view of the fact that the president of the Firestone Tire Corporation in a speech reported today has stated unequivocally that the Michelin Tire Company is receiving the benefit of duty-free import of certain tires for a three-year period, confirming the statement made by the former Minister of Finance. Could the Minister of Industry, Trade and Commerce unequivocally inform the House what the situation is with regard to this matter?

• (1500)

Hon. Jean-Luc Pepin (Minister of Industry, Trade and Commerce): Mr. Speaker, I always feel a little nervous about invading the responsibility of the Minister of Finance, but I do not see any contradiction in what the hon. member has stated this afternoon. A commitment was made by the Canadian government to a company called Michelin and that commitment has not yet been incorporated in an Order in Council. I do not see any contradiction there.

Mr. Broadbent: A supplementary question, Mr. Speaker.

Mr. Speaker: Order. I trust we will not become involved in a debate. The Chair will recognize the hon. member for Oshawa-Whitby on a supplementary and will then go to the hon. member for Joliette.

Mr. Broadbent: My supplementary question to the minister concerns the confirmation that this agreement is presumably ready to receive from the cabinet. Would the minister inform the House whether this is a pro forma action by the government, or does it mean that the issue has not yet been resolved in principle?

Mr. Pepin: I have said everything I wanted to say, Mr. Speaker.

[*Later:*]

Mr. Lloyd R. Crouse (South Shore): Mr. Speaker, I have a supplementary for the Minister of Industry, Trade and Commerce. In view of the many complaints that have been registered by the NDP, would the minister endeavour to find out why the leader of the NDP, and especially the hon. member for Oshawa-Whitby, are so opposed to secondary industrial development in Nova Scotia, particularly the development of the Michelin Tire Factories in Bridgewater and Granton, Nova Scotia?

Mr. Speaker: Order, please. That question is, of course, completely out of order.

Inquiries of the Ministry

[*Translation*]

FEDERAL-PROVINCIAL RELATIONS

VICTORIA CONFERENCE—CIRCULATION OF DOCUMENT AMONG CERTAIN PROVINCIAL DELEGATIONS—REQUEST FOR EXPLANATION BY PRIME MINISTER

Mr. Roch La Salle (Joliette): Mr. Speaker, I wish to put a question to the Prime Minister.

Last Tuesday I asked him a question concerning a document which was circulated among some provincial delegations at the last conference in Victoria.

In his reply, the Prime Minister asked me to supply him with details. This having been done, could the Prime Minister indicate now whether he recognizes the authenticity of such document, who was responsible for its circulation, and whether he himself was in favour of such a procedure?

Mr. Speaker: I have serious doubts on certain aspects of the question put by the hon. member. If the Prime Minister could answer it briefly the Chair would recognize him.

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, you know as well as I do how difficult it is to answer briefly. I shall try to do so but I hope that the brevity of the answer will not prevent the hon. member from asking supplementaries if it is not clear enough.

To the first question, I shall answer that I am aware of the existence of these documents because they were sent to several provinces. They were prepared, as usual, at federal-provincial conferences in order to explain the position of the federal government, as the provinces themselves produce documents to explain their views.

Finally, let me tell you that I of course agree with this method by which each delegation makes known to the others its position in respect of the proposals made by other participants.

Now, Mr. Speaker, if the member—

Mr. La Salle: Mr. Speaker, could the right hon. Prime Minister tell us whether this document was given to all the provinces and particularly to Quebec?

Mr. Trudeau: Mr. Speaker, the document in question was prepared at the request of the provinces taking part in the federal-provincial conference of health ministers. Several provinces asked the federal minister to give them some explanations as to what might be the consequences for them of the proposals made by Quebec a few days earlier and the federal government willingly agreed to explain—the way he understood them—what consequential effects Quebec's proposals would have for the provinces.

As for the second part of the question, I shall answer in the affirmative. Even at Victoria, the Quebec delegation was made aware of the federal positions as they had been explained to the other provinces which had asked about them.

[Mr. Speaker.]

[*English*]

FISHERIES

CANADIAN POSITION AS PRESENTED TO ICNAF MEETING—REQUEST FOR BACKGROUND DATA

Mr. John Lundrigan (Gander-Twillingate): Mr. Speaker, I have a question for the Minister of Fisheries. Based on the minister's statement today about quotas being introduced for marine resources off our shores, has he prepared any background information in the form of scientific data or catch data to present to the ICNAF countries, and is the minister prepared to make that information available to the House of Commons?

Hon. Jack Davis (Minister of Fisheries): Mr. Speaker, I understand that scientists from all 15 member nations have been meeting in Washington during the past week. They have been producing statistics, comparing them and reaching conclusions as to sustainable yield. We will try to get their figures and make them available to the hon. member.

Mr. Lundrigan: In view of the fact that over the years the proposals that Canada has made regarding conservation measures for marine resources have been rejected by several ICNAF countries, does Canada have any unilateral plan of action based on the rights we have as a coastal state under the 1958 Law of the Sea Conference held at Geneva?

Mr. Davis: Mr. Speaker, our approach has been a multilateral one within the North West Atlantic Fisheries Commission. We have been quite successful, first in establishing quotas for haddock, as the hon. member knows, and more recently for herring. We hope that this quota arrangement will be extended to all species along our eastern seaboard.

Mr. Speaker: Order. I think the Chair should recognize the hon. member for Halifax-East Hants. I see a number of members wanting to ask questions supplementary to that asked by the hon. member for Gander-Twillingate. That might fill the rest of the question period as we only have about five minutes left. For the moment, the Chair will recognize the hon. member for Halifax-East Hants.

* * *

EXTERNAL AFFAIRS

POSSIBLE STALKING OF PRESIDENT NIXON BY ARTHUR BREMER DURING OTTAWA VISIT

Mr. Robert McCleave (Halifax-East Hants): Mr. Speaker, my question is directed to the Prime Minister in the absence of the Solicitor General. Did Canadian security forces believe that one Arthur Bremer had engaged in stalking President Nixon during his Ottawa visit and, if so, did they report such action or belief to their United States counterparts?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I have heard of this report and, indeed, discussed it with the Solicitor General. We agreed that he should ask for a report so we can see what action should be taken.

Mr. McCleave: Will the Solicitor General consider making a statement on this matter to the House?

Mr. Trudeau: I am sure he will consider it, Mr. Speaker.

* * *

GRAIN

REQUEST FOR FORGIVENESS OF OVERPAYMENTS TO FARMERS IN LIGHT OF FORGIVENESS OF DUTIES AND TAXES OWING BY CAR MANUFACTURER

Mr. Bill Knight (Assiniboia): Mr. Speaker, I have a question for the Minister of Justice who is also in charge of the Canadian Wheat Board. In view of the fact that a major car manufacturer owes the Crown $6 million in duties and sales tax and that this debt is to be forgiven, I wonder whether the minister or the government would give consideration to a similar forgiveness of overpayments to farmers, as described in the Auditor General's report?

Hon. Otto E. Lang (Minister of Justice): Mr. Speaker, I do not see the connection between the two situations described by the hon. member. Specific overpayments are, of course, looked at on their own merits and a decision is made on that basis.

REQUEST FOR REFERENCE OF WHEAT BOARD ANNUAL REPORT TO COMMITTEE

Mr. A. P. Gleave (Saskatoon-Biggar): Mr. Speaker, would the minister in charge of the Wheat Board accede to the repeated requests that have been made in committee that the Canadian Wheat Board's annual report be referred to the Standing Committee on Agriculture in the very near future?

Hon. Otto E. Lang (Minister of Justice): Yes, Mr. Speaker. As I have indicated to the House, I do intend to do this. I am aware of the fact that the committee has a fairly full load of work, but I do propose to put down a motion referring the report very soon.

* * *

UNITED NATIONS

REDUCTION OF CONTRIBUTION BY UNITED STATES—POSSIBLE SIMILAR ACTION BY CANADA

Mr. Steven E. Paproski (Edmonton Centre): Thank you for your recognition, Mr. Speaker. I thought it was the brown suit blending in with the furniture. My question is to the Secretary of State for External Affairs. In view of the fact that last week the United States Congress voted to reduce its United Nations contribution from 32 per cent to 25 per cent, is the Canadian government contemplating any similar adjustment to its U.N. contribution?

• (1510)

Hon. Mitchell Sharp (Secretary of State for External Affairs): No, Mr. Speaker. I might add that the Secretary General spoke to me about the financial problems facing the United Nations and is concerned about this action of the United States Congress. He is hopeful that this matter can be resolved, as in the past, by negotiation and discussion and not by unilateral action.

* * *

FISHERIES

ATLANTIC SALMON FISHERY CLOSURE—COMPENSATION TO INDIANS ARISING FROM TREATY RIGHTS

Mr. Elmer M. MacKay (Central Nova): Mr. Speaker, I have a question for the Minister of Fisheries which is supplementary to a question I asked last week. Has there been any agreement yet reached with the Indian people of the Atlantic region concerning compensation for their treaty rights involved in the ban on the Atlantic salmon fishery there?

Hon. Jack Davis (Minister of Fisheries): Mr. Speaker, the answer is no. There are very few native people involved, and they are to my knowledge principally in New Brunswick. Discussions are proceeding with these people.

INTERNATIONAL CONFERENCE ON NORTHWEST ATLANTIC FISHERIES—CANADIAN REPRESENTATION

Mr. James A. McGrath (St. John's East): Mr. Speaker, I should like to ask the Minister of Fisheries whether Canada is represented at the annual meeting of the International Commission for the Northwest Atlantic Fisheries in Washington today at the ministerial level because of the importance of this conference to Canada and, if not, why not? Perhaps the minister could tell us who is representing Canada?

Hon. Jack Davis (Minister of Fisheries): Mr. Speaker, customarily ministers do not appear at these commission meetings, except in the case where the country is the host. I appeared briefly last year to welcome the national delegations that were there. There are no ministers presently in Washington. We are represented by Dr. A. W. H. Needler, who is head of the delegation and formerly our Deputy Minister of Fisheries in Ottawa. He is supported by a number of people from the industry on the east and west coasts and fishermen.

* * *

HEALTH

GENETIC DEFECTS—POSSIBLE ESTABLISHMENT OF SCREENING CLINICS

Mr. P. B. Rynard (Simcoe North): Mr. Speaker, I should like to address a question to the Minister of National Health and Welfare. In view of the very serious genetic defects being experienced by Canadian people, has the minister any plans to set up screening clinics across Canada?

Hon. John C. Munro (Minister of National Health and Welfare): Mr. Speaker, surely the hon. member must be aware that if such clinics were set up they would fall

within provincial jurisdiction and control. Where we can be of assistance to them is in working out standards in a consultative way. We are also trying to work out some acceptable cost-sharing formula, but the administration is theirs.

Mr. Rynard: Mr. Speaker, I should like to remind the minister that this is a national issue, not a provincial one, and it affects everybody.

Mr. Munro: I would remind the hon. member that this is a federal state.

* * *

EXTERNAL AFFAIRS

NIGERIA—ALLEGED INADEQUATE PRESS RELEASE BY CANADIAN INTERNATIONAL DEVELOPMENT AGENCY CONCERNING LOAN FOR HYDRO STATION

Mr. Frank Howard (Skeena): Mr. Speaker, I should like to direct a question to the Secretary of State for External Affairs which relates to a news release yesterday from the Canadian International Development Agency about a million dollar loan to Nigeria to assist in building a hydro-electric generating station. I should like to ask why it is that the Canadian International Development Agency is permitted to give what amounts to dishonest and false information in that it refuses to disclose that the loan carries no interest rate, has a repayment free period of 10 years and an additional 40 years within which the loan should be paid? Why was that information not contained in the release?

Hon. Mitchell Sharp (Secretary of State for External Affairs): Mr. Speaker, I have no idea, but I think it is quite clear that this is an aspect of the Canadian program which has been highly commended, particularly by people in his party. If he would like me on each occasion to emphasize the generosity of the Canadian people in this respect, I would be happy to do so.

Some hon. Members: Hear, hear!

Mr. Howard (Skeena): Mr. Speaker, I would be very happy if the minister would do that, and we would be even more happy if the government would be equally as generous at home in providing interest-free money—

Some hon. Members: Order!

Mr. Speaker: Order, please.

* * *

LABOUR CONDITIONS

UNEMPLOYMENT—ALLEGED HIGH RATE IN GASPÉ AND NEW BRUNSWICK—GOVERNMENT ACTION

Mr. Thomas M. Bell (Saint John-Lancaster): Mr. Speaker, I have a question for the Minister of Labour. As this will be his only appearance in the House this week, I should like to ask him a question based on the startling information that the highest rate of unemployment in Canada is in northern and eastern New Brunswick and Gaspé, having hit 18.4 per cent. What is the minister doing about this?

Mr. Speaker: Order, please. The hon. member appreciates that questions posed in such general terms are hardly in order. The minister might reply briefly and he will be recognized for that purpose.

Hon. Martin P. O'Connell (Minister of Labour): Mr. Speaker, I should like to make a correction first. This is not my first or only appearance in the House this week.

Mr. Bell: During question period it is.

Mr. O'Connell: I was here for the question period—

Mr. Bell: You voted last night but you were not in the House yesterday, my friend.

Some hon. Members: Oh, oh!

Mr. Speaker: Order, please. I suggest to hon. members that we are losing precious time. The minister might reply now that he has made his point.

* * *

INDUSTRY

TARIFF REMISSION ON MICHELIN TIRE IMPORTS—POSSIBILITY OF SIMILAR ARRANGEMENT FOR OTHER TIRE MANUFACTURERS

Mr. Max Saltsman (Waterloo): Mr. Speaker, I have a supplementary question to the Minister of Industry, Trade and Commerce with regard to the Michelin Tire arrangement. Since he has been kind enough to give us some factual information for a change about the arrangements made with Michelin in respect of tariff remission, and as an agreement has been made for tariff remission which has not yet been implemented, can the minister say whether he has been approached by other tire companies in Canada seeking the same arrangement and, if so, what has he said to them?

Hon. Jean-Luc Pepin (Minister of Industry, Trade and Commerce): Mr. Speaker, I have already said in the House, I think on ten occasions, that we in Industry, Trade and Commerce tried to develop a tire plan which would incorporate some of the philosophy of the Michelin arrangement, but the companies, for different reasons, were not particularly interested and have not developed anything from what was being offered.

* * *

HARBOURS

PROVISION OF FACILITIES FOR FISHING COMMUNITIES—REQUEST FOR STATEMENT OF GOVERNMENT POLICY

Mr. Jack Marshall (Humber-St. George's-St. Barbe): Mr. Speaker, my question is directed to the Minister of Public Works. In view of the hardships being caused to inshore fishermen by the continuing rejection by his department

of applications for the provision of harbour and wharf facilities to fishing communities, will the minister make a statement on motions in the House to indicate any changes in public works policy in respect of providing maintenance for wharves and breakwaters and dredging to assist inshore fishermen to maintain their livelihood which is being affected?

Hon. Jean-Eudes Dubé (Minister of Public Works): Mr. Speaker, there is no change in policy. We are continuing to provide the best facilities possible with resources which are not unlimited.

* * *

MANPOWER

LOCAL INITIATIVES PROGRAM—POSSIBLE PROGRAM FOR CONSTRUCTION OF WHARVES BY FISHERMEN

Mr. Jack Marshall (Humber-St. George's-St. Barbe): Mr. Speaker, I have a supplementary question for the Minister of Manpower. Will he discuss with the Minister of Fisheries and the Minister of Public Works some type of project under the local initiatives program or a similar program to allow fishermen to provide new facilities and to maintain existing facilities in order that they may support themselves in the fishing industry and to provide employment opportunities to prevent the loss of their livelihood?

Hon. Bryce Mackasey (Minister of Manpower and Immigration): Mr. Speaker, I will be glad to discuss the proposal with both ministers. I appreciate the compliment of the hon. gentleman in recognizing the effectiveness of local initiative programs in that part of the country.

Mr. Bell: Mr. Speaker, on a point of order, I want to make a correction. The Minister of Labour may have been here yesterday during part of the question period, but when I took the attendance of ministers, as I have done each day for the last three weeks, he was not here. I might just point out for the information of the House that there have been six ministers away every day who should have been here.

Some hon. Members: Shame!

Mr. Speaker: Order, please. We have reached the end of the question period. Is the hon. member for Peace River rising on a question of privilege?

Mr. Baldwin: I am rising on a question, Mr. Speaker.

Mr. Speaker: Orders of the day.

* * *

BUSINESS OF THE HOUSE

WEEKLY STATEMENT

Mr. Baldwin: Mr. Speaker, I did not think the question period had quite expired and I do not want to infringe on it. Would the government House leader indicate the business for today, tomorrow and next week?

Business of the House

Mr. MacEachen: Mr. Speaker, today we will continue our discussion of the election expenses bill, followed by the bill to amend the Representation Commissioner Act, the Explosives Act and the wildlife bill. Tomorrow is an opposition day. Monday we will begin discussion of the foreign takeovers legislation, to be followed by the uncompleted items I have mentioned for today.

Mr. Baldwin: Mr. Speaker, I should like to repeat the earlier notice I gave, that in light of the unsatisfactory answers by the Prime Minister we will be discussing the Auditor General's report tomorrow.

Mr. Lambert (Edmonton West): Mr. Speaker, in light of the fact that Standing Order 60 provides that there shall be a six-day budget debate, will the minister advise the House why the government is interrupting the budget debate by bringing in such bills as the wildlife bill, particularly in view of the disclosures by the Auditor General?

• (1520)

Mr. Speaker: Order, please.

Mr. Lambert (Edmonton West): No, Mr. Speaker. This—

Mr. Speaker: Order, please. The hon. member rises on a supplementary. I might remind him that the question period is over. If he wishes to rise on a point of order, that is a different matter. We are now really asking questions two or three minutes after the question period has expired.

Mr. Lambert (Edmonton West): Very well, Mr. Speaker. On a supplementary question, will the minister—

Mr. Speaker: Order, please. I suggest to the hon. member that there are other members who are anxious to ask supplementary or other questions. We have gone beyond the question period. If the hon. member, as suggested, has a point of order he would have to be recognized, but I doubt whether we should proceed much further. In any event, in order to save time I will recognize the hon. member for Edmonton West.

Mr. Lambert (Edmonton West): With the greatest apology to you, Mr. Speaker, I never felt the House leader of the opposition should rise on a point of order in respect of business. This is the final question on Thursday. Be that as it may, whether it is a supplementary or a point of order, will the minister advise the House when it is the intention of the government to return to the budget debate, a six-day debate which has been interrupted, in light of the report of the Auditor General?

Mr. MacEachen: Mr. Speaker, I cannot precisely say when the budget debate will be resumed. It will not be before the last days of next week and possibly not then.

Mr. Lambert (Edmonton West): Well—

Mr. Speaker: Order, please.

Mr. Lambert (Edmonton West): On a point of order—

Mr. Speaker: I will recognize the hon. member for Edmonton West on a point of order in a moment. Would the hon. member resume his seat. I think I should point out to hon. members that if we agree that these questions are questions and not points of order, they will have to be asked during the question period. The hon. member for Edmonton West rises on a point of order.

Mr. Lambert (Edmonton West): Mr. Speaker, arising out of the unsatisfactory answer of the minister, I move, seconded by the hon. member for Oxford (Mr. Nesbitt):

That this House do now adjourn.

Mr. Speaker: Order, please. I have to enter very serious reservations about the hon. member's right to move a motion of this kind when he has the floor on a point of order.

Some hon. Members: Hear, hear!

Mr. Speaker: I understand the hon. member for Athabasca will have the floor, and once he is recognized I suggest he would have the right to move that motion at that point. The hon. member for Winnipeg North Centre on a point of order.

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, my point of order with regard to House business is simply to ask whether there will be any opposition days next week?

Mr. MacEachen: Mr. Speaker, I was hopeful that early next week we would meet to discuss what the business would be following the legislative program I have outlined. It may be that a choice will have to be made between the budget debate and opposition days, one or the other. We cannot have both.

Mr. Speaker: Orders of the day.

GOVERNMENT ORDERS

ELECTION EXPENSES BILL

AMENDMENTS TO CANADA ELECTIONS ACT AND INCOME TAX ACT

The House resumed, from Friday, May 19, consideration of the motion of Mr. MacEachen that Bill C-211, to amend the Canada Elections Act and the Income Tax Act, be read the second time and referred to the Standing Committee on Privileges and Elections.

Mr. Speaker: The hon. member for Athabasca.

Mr. Paul Yewchuk (Athabasca): Mr. Speaker, in view of the fact that the budget debate is not being resumed I move, seconded by the hon. member for Peace River (Mr. Baldwin):

That this debate be now adjourned.

Mr. Speaker: Order, please. I am advised that the hon. member for Peace River has already spoken in the debate, so he cannot be a seconder to this motion. We need a new seconder for the motion that the debate be adjourned.

Mr. Yewchuk: Mr. Speaker, the hon. member for Hamilton West (Mr. Alexander) seconds the motion.

Mr. Speaker: It is moved by the hon. member for Athabasca (Mr. Yewchuk), seconded by the hon. member for Hamilton West (Mr. Alexander) that this debate be now adjourned. All those in favour of the motion will please say yea.

Some hon. Members: Yea.

Mr. Speaker: All those opposed will please say nay.

Some hon. Members: Nay.

Mr. Speaker: In my opinion the nays have it.

And more than five members having risen:

Mr. Speaker: Call in the members.

The House divided on the motion (Mr. Yewchuk) which was negatived on the following division:

(Division No. 21)

YEAS

Messrs:

Aiken
Alexander
Alkenbrack
Baldwin
Bell
Bigg
Coates
Crouse
Dinsdale
Fairweather
Flemming
Grills
Gundlock
Hees
Horner
Howe
Lambert (Edmonton West)
Lundrigan
MacDonald (Egmont)
MacInnis (Cape Breton-East Richmond)
MacKay
MacLean
Macquarrie
MacRae
McCleave
McGrath
McIntosh
McKinley
Marshall
Mazankowski
Monteith
Muir
Murta
Nesbitt
Noble
Paproski
Ricard
Rock
Ryan
Rynard
Scott
Stewart (Marquette)
Thompson (Red Deer)
Valade
Yewchuk—45.

NAYS

Messrs:

Allmand
Andras
Badanai
Barnett
Barrett
Basford
Béchard
Beer
Blackburn
Blair
Blouin
Borrie
Boulanger
Breau
Brewin
Broadbent
Buchanan
Caccia

Messrs:

Cafik	Lewis
Chappell	L'Heureux
Clermont	Loiselle
Cobbe	Macdonald Rosedale)
Comtois	MacEachen
Corriveau	MacInnis (Mrs.)
Côté (Richelieu)	Mackasey
Côté (Longueuil)	McBride
Cyr	McNulty
Davis	Marceau
Deachman	Mather
Deakon	Munro
De Bané	Murphy
Drury	Noël
Dubé	Nystrom
Dupras	O'Connell
Faulkner	Olson
Forest	Osler
Forget	Otto
Francis	Ouellet
Gendron	Pelletier
Gibson	Penner
Gilbert	Pepin
Gillespie	Perrault
Gleave	Peters
Groos	Prud'homme
Guay (St. Boniface)	Richardson
Guay (Lévis)	Roberts
Guilbault	Robinson
Hellyer	Rochon
Hopkins	Rose
Howard (Okanagan Boundary)	Rowland
Howard (Skeena)	Roy (Timmins)
Jamieson	Roy (Laval)
Kaplan	Saltsman
Knight	Serré
Knowles (Winnipeg North Centre)	Smith (Saint-Jean)
Lachance	Stafford
Laing (Vancouver South)	Stanbury
Lajoie	Stewart (Okanagan-Kootenay)
Lang (Saskatoon-Humboldt)	Sullivan
Langlois	Trudeau
Leblanc (Laurier)	Trudel
Lefebvre	Turner (London-East)
Legault	Walker
Lessard (LaSalle)	Watson
Lessard (Lac-Saint-Jean)	Weatherhead
	Whelan
	Whiting—114

• (1550)

The Acting Speaker (Mr. Laniel): I declare the motion lost.

[*Translation*]

Mr. Fortin: Mr. Speaker, I rise on a point of order.

The Acting Speaker (Mr. Laniel): The hon. member for Lotbinière on a point of order.

Mr. Fortin: Mr. Speaker, the Créditiste members refrained from voting because this was a waste of time and a silly game on the part of the Progressive Conservatives.

The Acting Speaker (Mr. Laniel): Order. Obviously, the hon. member will agree with the Chair that this point of order is groundless.

[*English*]

Mr. Baldwin: A point of order, Mr. Speaker—

The Acting Speaker (Mr. Laniel): The hon. member for Peace River (Mr. Baldwin)—order please.

Mr. Baldwin: —the taxpayers' money.

The Acting Speaker (Mr. Laniel): Order, please. The hon. member for Peel South (Mr. Chappell).

Mr. Hyl Chappell (Peel South): Mr. Speaker, as Chairman of the committee may I remind all hon. members how the report on election expenses came about. The Barbeau Committee, consisting of Mr. Alphonse Barbeau, the Honourable M. J. Coldwell, Mr. Gordon R. Dryden, Mr. A. R. Smith and Dr. Norman Ward, and which included representatives from the major parties, was appointed in October 1964 and submitted its report on election expenses in October 1966.

In the last session, pursuant to an order of the House dated October 8, 1970, a special committee considered the comprehensive two volume report of the Barbeau Committee, the new election expenses legislation of Quebec, Nova Scotia and other jurisdictions, held 45 meetings, heard dozens of witnesses including representatives of the main political parties, the legislative assemblies of Quebec and Nova Scotia, the government of Puerto Rico, the Canadian Labour Congress, the Canadian Association of Broadcasters, the CBC, the CRTC, Chief Electoral Officers of Canada, Quebec, Nova Scotia, and many others.

In considering the report and Bill C-211, Mr. Speaker, I suggest that one must start with four basic principles. First, a candidate cannot hope to be elected unless he spreads his message effectively. With today's costs and more populous ridings, this can be quite expensive and perhaps prohibitive. Second, there is an advantage to a candidate with wealth, whether inherited or earned. Effective controls on spending and a modest financial contribution to a candidate's expenses would substantially remove this inequity. Third, all costs cannot be paid by the public treasury; the greater proportion of funds must continue to come in the form of voluntary donations from supporters of the candidate and the party. Research has indicated that if a great deal of money comes from the government, people are reluctant to give because they feel the candidate is well looked after. Fourth, it is a myth that large contributions lie waiting for willing receivers. Funds are difficult to obtain both for the individual candidate and the parties. Legislation must be clear and positive to encourage contributions through tax incentives, protection of the name of the donor and protection of the candidate against overcharge by radio, T.V. and the press and by controls on the amount which he can spend both in respect of an over-all ceiling and the period of time during which he may spend money during a campaign.

The Barbeau report was an excellent and comprehensive document, but it is five years old. Many changes have taken place since it was submitted, and we have had the advantage of hearing comments on its proposals and on the Quebec and Nova Scotia legislation. While the committee digressed from the report considerably, I hope we have come up with something good. After complete study

of the bill, I find myself in agreement with the basic principles and the framework; in fact I take pride that so much of our work was adopted. However, I seek improvement in some of the concepts and many of the details.

I support the principle of a contribution to the candidate who receives a certain percentage of the vote; the principle of limited tax relief to those who contribute in the form of a percentage tax credit. I support, too, the idea of making T.V. and radio available to all in order that each may spread his message and that charges for these services be held to the regular preferred rate. I support the principle of agency, which means that candidates and parties are fully responsible for the actions of their agents, and I support the principle that spending by candidates should be fully controlled. The bill, in its definition of election expenses, does not go far enough and I shall ask that it be strengthened and widened.

The Barbeau Committee recommended selective controls on advertising because it felt wider controls could not be enforced. We disagreed and came up with the idea that if each candidate were required to have his own accountant audit his report, the control would be effective. The bill follows the Barbeau report for controls on advertising only, and our recommendation for the audit.

The bill's definition of election expenses omits costs for hiring halls, campaign headquarters, paid workers, entertainment, refreshments, paid scrutineers and other items which in some ridings could constitute the majority of the expense.

Let me give two examples. A wealthy industrialist could call on perhaps 100 of his employees as paid canvassers and that would not come within the definition. In another riding, if a candidate had the support of labour and there was a strike on, he could call for 100 or 200 of the striking labourers to canvass for him and that would not come under expenses as described in the bill, but it would have been included in election expenses as described in the report. The report would prevent this by including in the definition of election expenses all time paid for directly or indirectly; the only time which would be omitted would be time some person contributed freely. In a riding consisting of small villages and towns, halls and lounges could be made available with entertainment and refreshment similar to that of drop-in centres, and these certainly would substantially affect the result of the election. Those expenses would not come within the definition of the bill, although they would come within the definition in the report. I submit that those expenses ought to be added to election expenses.

• (1600)

I do not support the concept that the names of donors should be disclosed to the public. As the law now stands, the official agent discloses the names of donors making donations which go through him. However, secrecy can be maintained easily by causing the donation to go through a nominee, usually the chairman of the riding association. He simply collects in private all those donations and then sends one large cheque to the official agent. Under this bill, all donations would have to go to the official agent. The result is that this bill, read with the present legislation—or, putting it another way, the legislation, as amended by this bill—would require every donation to a candidate to be identified by name; that is, it would require full disclosure.

[Mr. Chappell.]

Mr. Grills: How would you do it?

Mr. Chappell: We questioned each of the witnesses on disclosure of names, and concluded that names should be disclosed to the Minister of National Revenue for policing purposes but that they should not be disclosed to the public, because that would be counter-productive and donations would dry up.

Mr. Grills: But how would you do all this?

Mr. Chappell: The Barbeau committee report recommended that donations to parties should not be disclosed but that donations to candidates should be disclosed. We concluded that this would distort the balance between the party and the candidate, because some would feel that it was more appropriate to give donations to the party than to the candidate. We think this should not be allowed to happen. This distortion and upsetting of balance should not be allowed to take place. It would be useless to require the disclosure of donations over a certain amount, for example, $100. Some in this House have made this argument. Such a requirement would be too easy to avoid. A man, by giving through his wife, could double his donation; by using his two children, he could quadruple it; if he were to use his friends and give through them, he might be able to give ten times as much as the law permits. Such action would simply bring the law into ridicule.

Mr. Grills: That is what this bill will do.

Mr. Chappell: In addition, disclosure of names would discourage giving because of possible community repercussions. One of the witnesses before the committee was an NDP member from Nova Scotia. He pointed out that if a list were published in small towns of those who had given donations, there would be embarrassment and resentment. I think many hon. members would agree with that.

Let us take, for example, the operator of a large garage in a small town. Suppose he gave $100 to the Liberal, Conservative and NDP parties, and his donation was published. If, during the next election campaign, canvassers for each of the candidates were to go to him and ask for donations, I suggest that it would be only natural if he were to say, "All three of you can go away; you published my name as a donor, and I will not give to anybody." I have always marvelled that people who do not give, and generally those who want disclosure of names do not give, should request that donations of $1, $2, $3 or $5, which every good citizen should give to the candidate of his choice, shall be disclosed, and that we shall thereby breech the secrecy of the ballot, which is what would happen in effect. We hope to separate the basis of contribution, and that is why tax credits are to be preferred in this connection, rather than complete disclosure of all donations. If people were to give $1, $2, $3 or $5 on a wide basis, to many candidates, disclosing their names would be equivalent to disclosing whom they supported and how they voted.

The members from Puerto Rico who met with our committee, who are experts in the sense that they were on an equivalent committee, suggested that we have the best of both worlds. We have both disclosure and protection of privacy, since we must disclose either to the Minister of National Revenue or some minister of the Crown for policing purposes, but disclose to the public only the total donations and not the names of the donors.

I do not agree with the suggestion that the election campaign period be without limit. This is a major point with respect to which we agree with the Barbeau report. All the witnesses before us were unanimous in this view. If there is not a limit on the advertising period, one candidate may be forced to follow the lead of the other candidate, since his backers might say, "Let us get going; your people are losing morale. Get in there and spend money in the advertising field." After a month or so, a candidate may have expended the amount allowed for advertising. He would then spend money on other items which are not included in the definition "election expenses" in the bill, thus, of course, increasing his expenses.

May I raise another point which is perhaps more difficult to appreciate but which is most important. There are four recognized parties in this country; obviously, they will register. In addition, there are perhaps four or six other parties, not so recognized, which will also register. These parties are entitled to use the six and a half hour period which is made available to all parties. On the twenty-eighth day of the campaign they would lose their registration rights if they had not fielded 50 candidates. The twenty-eighth day, I suggest, is too late for action to be taken, since these minor parties would have used three or four hours of the time available to them simply to bring their personal message to the world, to tell the world about some cause they espouse. The result would be that people would have lost the right to hear the representatives of other parties which seriously hope to form the government. If this campaigning were limited to 28 days, as the committee suggested, that problem would not arise.

As the law now stands, successful candidates file their reports and the majority of unsuccessful candidates have no alternative—I suggest that this matter would be raised in the House if there were anything amiss—and do not do so. I ought to have said, Mr. Speaker, that the majority of unsuccessful candidates do not report. The only penalty, as I understand the act, for those who do not report is this: They will not be able to stand for election on another occasion if a court so orders. This has been completely ineffective. We recommend that the chief electoral officer should be required by law to see that all reports are filed. Under questioning by our committee, he said he was agreeable to shouldering that responsibility. The bill provides for payment of $250 towards the cost of an audited report for those candidates who receive 20 per cent or more of the votes cast. I suggest that we change that provision and allow $250 to every candidate to meet the expenses of the audited report. I think it is wrong to charge somebody who can honestly say, "I used every penny I had and I did not have $250 left", because, in the result, we would be sending that man to jail for not having enough money. However, I do not think the public should lose. He has to make a deposit of $200. I suggest this sum be increased to $250. In other words, we would divert his forfeited deposit to pay the auditor for the report.

• (1610)

Recommendation 34 allowed between 13 and 14 cents per elector by way of reimbursement to a candidate who had received 20 per cent or more of the votes cast. This was equivalent to the cost of a stamp and a respectable brochure for each elector. We felt this was the basic minimum to which the public was entitled in order to learn about the man himself and his platform. For a constituency of 50,000 he would be reimbursed to the extent of $6,500; if he had a large constituency of 100,000 voters he would get 13 cents for the next 50,000, another $6,500, or a total of $13,000. The bill would allow him to be reimbursed to the extent of 25 per cent of the amount he spent on advertizing only.

But supposing a candidate spent all his money on advertizing. Supposing, also he had limited funds and spent only $10,000 on his campaign. He would get back only $2,500. The result would be he would be prevented from using money which he might have borrowed from a bank and paid back from his reimbursement. So, also, in the bill, a person with a constituency of 100,000 electors would be disadvantaged. Under the committee's report, he would have received 13 cents for each additional elector over 50,000. That, as I said before, would have been $6,500. Under the bill he will receive only half that amount, or $3,250, which is in no way enough to send the simplest scrap of paper to 50,000 electors. It is my suggestion that the amount of reimbursement be based upon the number of electors in the constituency.

There is another unfair situation which could arise. In some constituencies in which there is a local television station, the candidate could spend all his campaign funds on advertizing over television and he would be reimbursed to the extent of 25 per cent. But in a rural riding where there was no television station he might decide to hire halls and provide refreshment and entertainment. That would be his method of campaigning. But he would not get back 5 cents. Under our recommendation No. 13, we would limit reimbursement to the winner and anyone who obtained 50 per cent the vote the winner received or 20 per cent of the total of votes cast. The bill omits reimbursement for the 50 per cent. I would remind hon. members that in some constituencies, particularly in Quebec, there might be five, six or seven candidates. The winner might receive only 35 per cent of the votes cast, the second 19 per cent, and the third 18 per cent. It seems wrong that under those circumstances, a man who came second should not be reimbursed. I suggest he should be included.

In recommendation No. 3, we recommend that political parties be made legal entities for the purposes of suing and being sued, and owning and leasing property. It is time political parties became full adults in terms of being responsible for their financial transactions. The bill, in clause 13(5), appears to make the parties legal entities only for the purposes of enforcing the Act. I may be wrong. Perhaps the courts will determine that they are also legal entities for the purpose of suing and being sued. I suggest this be made clear; it ought not to be necessary to go to

court to have the matter cleared up. I suggest we follow the wording in the committee's report.

Recommendation 38 would prevent a non-resident, including a union or a corporation, from contributing in any way to a political party or candidate. Section 36 of the Canada Elections Act prohibits non-residents of Canada from campaigning in Canada. We felt our recommendation was reasonable as an extension of that idea, and consistent with the long established principle that non-residents might not campaign in Canada.

In the select committee, we had good attendance and excellent co-operation. The committee worked hard for a long period. I suggest to the President of the Privy Council (Mr. MacEachen) that the House take advantage of the wealth of knowledge acquired by members who sat on that committee, and that the bill be referred to that committee, which could be reconstituted, for further consideration.

In conclusion, I should say I am pleased with the broad principles of the bill, and pleased that so many of our suggestions have been adopted. I hope that many of the ideas which have been put forward today will be incorporated in the measure during the committee stage and accepted by the House.

Hon. George Hees (Prince Edward-Hastings): Mr. Speaker, the objective of the bill we are discussing is to reduce election expenses which are borne by a candidate in a general election so that there will be the least possible obstacle in the way of a young man or woman with ability, but with limited means, who wishes to run for parliament. This is an objective with which we all agree, because it is a well known fact that parliament is only as good as the people who are elected to it, and to get the best we must make sure that we remove as many as possible of the difficulties which stand in the way of getting the best people elected.

One of these obstacles is the high cost of running an election, due to the increasing use of the costly medium of television and the sharp increases which have taken place in the cost of radio, direct mail and the many other forms of advertizing which are in popular use. Although I agree with the objective of this bill, I believe that the government has outlined an inadequate method of realizing this objective, and I would like to suggest what I believe to be a far better means of bringing about what we all have in mind.

We have just heard a speech by the chairman of the committee which considered this whole question of controlling election expenses. From him, we learn that the government has paid relatively little attention to the recommendations of that committee which obviously spent a great deal of time studying the whole subject and hearing witnesses. I believe the committee did a thoroughly good job of trying to come to a conclusion that would be beneficial to the government in drafting the bill that is before us. But obviously the government has paid very little attention to the recommendations of the committee, and therefore I endorse the suggestion the chairman of the committee has just urged upon the House, that is to send this bill back to committee for redrafting so we may receive the sensible type of suggestions that the committee put forward for the consideration of the government.

• (1620)

I should like now to suggest what I believe to be a far better means of bringing about what we would like to do, which is to make it possible for young men and women with ability but limited means to be elected to this chamber. Even though the government did pay a great deal of attention to the recommendations of the committee that examined this whole question, I think on hearing the simple plan that I am about to put forward the members of the House of Commons will agree that it is a reasonable plan, one that would be easy to implement and which would work very satisfactorily in achieving the objective we all have in mind.

In looking for plans that would be useful to meet the needs of given situations, it is always helpful to examine what has been successfully done by others in similar circumstances. I have very carefully studied, and observed at first hand, the plan that has been used with great success for a number of years now in the United Kingdom. The United Kingdom was faced with exactly the same problem that Canada is faced with today, but it overcame the problem by adopting a plan that placed a strict limitation upon the amount of money that a candidate was allowed to spend in an election, and enforced the restriction by carefully scrutinizing all election expenditure. If at the conclusion of an election it was found that a candidate had overspent the amount of money that the government allowed him to spend in an election campaign, his election to parliament was nullified.

The expenditure that is allowed in the United Kingdom is based on the number of electors in a riding. My experience from running in eight elections, six in urban ridings and two in mostly rural ridings, leads me to believe that the limit today in this country should be 10 cents per voter. That is the kind of limitation that would bring about the objective that we all have in mind and in the easiest and fairest way possible. Since the average riding in Canada has about 45,000 voters this would reduce the cost of running in an election in Canada to about $4,500 per candidate. This would be a fair charge to a candidate and his party, and would be a very great reduction of the cost of running in most ridings today. National television, radio and newspaper advertising would, of course, be paid for by the national headquarters of each party on a basis that would be established by parliament.

Such a reduction in the cost of running in an election would bring about two very important improvements. First is the obvious one of making it possible for all good, potential candidates to stand for their party's nomination. The second is that all candidates would be required to do far more personal campaigning than they do today, and as they are required to do in Great Britain, since most means of campaigning that money makes available in this country today would not be open to them. Candidates would have to do a great deal more door-to-door campaigning and present themselves to the voter at many election meetings, where they would have to submit themselves to the questioning of the electorate and be judged on a much more fair and accurate basis than they are at the present time. Having made it possible for voters in this

country to judge more accurately the candidates who present themselves to be judged, I believe that we would be more certain that the best candidate would be selected to represent a riding, and in this way the quality and standards of the House of Commons would be materially improved.

If we follow such a plan as this, it would no longer be possible for a wealthy man, one who can afford high-priced public relations men, television, and other costly means of advertising that are available today, literally to buy his way into parliament.

Mr. Knowles (Winnipeg North Centre): You will be in trouble, George.

Mr. Hees: I am very interested to hear that comment, Mr. Speaker. If the hon. member who made it would go back over any of the eight elections in which I have run, he would find that I was one of the most enthusiastic exponents of door to door canvassing. The reason I have been able to maintain my membership here is that I believe in personal campaigning, which is why I speak with such enthusiasm about it.

Another change that I would suggest we make in the electoral procedures of this country is one that would not only reduce the cost of running elections but greatly improve the quality of the presentations that the various candidates make to the people they ask to elect them. I suggest that we cut the length of the election period from the present eight weeks to four. The eight-week period was necessary in the days when rail transport was the only means of getting the leaders across the country and there was no jet travel or television. In those days it took an eight week period for the party leaders to travel across the country and discuss the issues with the people. Today, as we know very well, jet travel and television enable all issues to be discussed in all parts of the country in an absolute maximum of four weeks. We who have participated in elections, and certainly the people who have to listen to us, know only too well that after four weeks there is nothing new left to be said and the whole election campaign becomes dry, dull, boring and extremely costly.

• (1630)

Therefore, I believe it would be very worthwhile for the government and the country to maintain a permanent voters' list, just as is done in Great Britain and in many other countries. Although this would cost some money, it would greatly reduce the over-all cost of elections both to the parties and the candidates. After all, that is what this measure is all about. It is designed to reduce the cost of running an election, and to make it as easy as possible for young men and women with ability but with limited means to present themselves with every chance of becoming elected.

I strongly urge the government to give some consideration to what I have said. This will not cost the government or the taxpayers of this country one penny, except for the added cost of maintaining a permanent voters' list, and I think everyone would agree that this additional cost would be worthwhile. These measures are simple; they have been tried and proven successful and workable in a country far more sophisticated in election matters than are we, namely Great Britain, as well as many other countries. I am confident that these measures will work equally as well in Canada.

I strongly urge the government to accept these suggestions in the spirit in which they are made and to adopt these measures. I believe if they are adopted we will greatly increase the effectiveness of this House by making it possible to get the very best candidates elected, including the young men and women with ability but with limited funds who would make a very great contribution to the governing of this country.

[*Translation*]

Mr. Yves Forest (Brome-Missisquoi): Mr. Speaker, I had the privilege of taking part in the Special Committee on Election Expenses as a vice-chairman. The chairman of this committee was our distinguished colleague from Peel South (Mr. Chappell) who spoke earlier and who fulfilled his functions with much tact, skill and efficiency.

Our sessions were quite lengthy and often complex, but the committee members showed much patience, good will and understanding despite the different views, which were inevitable, about a subject on which we all pretend to be quite experts.

It must be noted that the committee received advice from a legal adviser who, most of the time, was assisted by the Chief Electoral Officer, whose skill and work we all admire. Their advice was very valuable to all committee members.

We also had the report prepared by the previous members of this committee, who made much deeper and further studies on the subject, that is the report of the special committee established by the government in 1964, whose chairman was Mr. Alphonse Barbeau—now judge of the Superior Court of Quebec—and made up of recognized experts from different parties, which presented the result of its investigations and discussions in 1966.

This committee was appointed as a result of public concern about the source of election funds as well as a need for a reform in order to curb the continuing increase in election expenses, in particular since it became necessary to use new means of communications, which are very closely and expensive.

The committees' reports and this bill aim at improving the situation of the parties and candidates, at increasing the people's confidence in our system of parties while guaranteeing the individual's liberty of choosing not only the man, his party and his philosophy but also the way it should be supported.

Contrary to popular belief, the lack of funds is a painful aspect from which the political existence of parties and candidates is suffering. Their financing has always caused precarious situations. The very minor importance given to the financing of our political institutions is unbelievable in view of the crushing responsibilities entrusted by our system to the parties and candidates who, among other things, are required to explain to our citizens the objective and efficiency of laws, the decisions and actions liable to affect their way of life and often their existence.

Mr. Speaker, as many of my colleagues, after having studied a number of times the election systems of various countries, I believe that our election legislation is excellent—probably the best—and well-fitted to the special needs of our great country.

Some people have already mentioned the advisability of establishing a permanent list of voters—in fact, the first spokesman for the official opposition and the speaker before me suggested it—as a desirable measure to shorten the duration of election campaigns.

I am opposed to this suggestion and the committee which considered the report tabled by the representation commissioner in this House in April 1968 was unanimously against the establishment of such a list, which would be not only costly—I think the figure amounted to $1 a year per voter—but would be far from efficient in a political system such as ours because elections are not held at a fixed date and the people would probably not welcome compulsory registration or compulsory vote. So, I refer my colleagues to the report of the committee and to the very eloquent report tabled in the House by the representation commissioner, who has examined these various systems.

The question of limiting the duration of election campaigns has been the subject of suggestions this afternoon by the previous speaker and also the subject of discussions both in the Committee on Privileges and Elections and in the Committee on Elections Expenses and we all agreed that the present period is necessary to allow parties and the Chief Electoral Officer to prepare and get organized. However, I believe, together with committee members, that the period during which political propaganda by parties and candidates on radio or television and in newspapers is allowed should be limited to the last month or so before election day.

• (1640)

This would effectively reduce election expenses but I think that despite the improvement in communications to which the hon. member for Prince Edward-Hastings (Mr. Hees) referred earlier, the prescribed period is necessary to arrange elections in a country as large as ours.

Mr. Speaker, the so-called Barbeau Committee had made seven basic recommendations aimed at establishing a more equitable electoral system. I must say that these recommendations are adequately taken into account in the bill now before us. In line with the proposal of our committee, the bill does not however retain the sixth recommendation of the Barbeau Committee suggesting that a registry be established by means of another legislation to audit the various financial returns. It simply amends the Canada Elections Act to enable the chief electoral officer to receive the returns of official agents, and I think that the government has rightly upheld this decision of the special committee on election expenses which made it the subject of one of its recommendations.

The first recommendation of the Barbeau report dealt with the recognition of political parties that would become responsible for their actions respecting the collection and expenditure of election funds through an official agent.

[Mr. Forest.]

The 1970 Canada Elections Act already provides that political parties shall register with the chief electoral officer, under certain conditions. This legislation goes even farther by requiring the registration of agents who alone shall be authorized to receive contributions and who shall be assisted by an auditor for each party. This auditor shall report to the chief agent who, in turn, shall report, within the prescribed period, to the chief electoral officer. The reports shall indicate the parties' sources of income, detailing the categories of contributors, and shall be published. The importance and existence of parties being thus recognized, they shall become legally responsible for their actions.

Candidates must also appoint an auditor to assist their agents to produce the required report on election expenses and sources of income. This is an innovation and fortunately the government will contribute to paying the salary of this auditor.

I agree with the committee chairman and approve the recommendations of the special committee to the effect that it would not be fitting to reveal the names of donors, and this for the same reasons mentioned earlier by the hon. member for Peel-South (Mr. Chappell) which moreover are reproduced after recommendation 44 of the report of the Special Committee on Election Expenses.

The bill thus meets the first and fifth recommendations of the Barbeau Committee to a great extent. The bill, as also the Barbeau committee conclusions, provides no ceiling for total expenses of parties and candidates which henceforth will be known, notwithstanding the suggestion of the special committee. I for one feel that this is a mistake and that a limit should be set, even if it should exceed if necessary, the one suggested, subject to revision after the first general election for which the present bill will have been in force.

The bill retains the limits proposed by the special committee, but only where advertising expenses are concerned. It is a fact that nowadays the latter make up the better part of election expenses, and that this trend can only become more accentuated. For instance, Mr. Speaker, figures submitted to the committee with regard to the election of April 29, 1970, in the province of Quebec showed that 71.37 per cent of the election expenses of the five running parties had gone on advertising. A candidate will be able to claim back 25 per cent of eligible expenses, which is appreciable. I rather advocate the formula adopted by the special committee, which gives the candidate far more flexibility and freedom of action in the thrust of his advertising.

I am very happy, however, that this bill incorporates the recommendations of the two committees which I have mentioned concerning the mailing to voters, a few days before the election, of a special notice informing them of the names and political affiliations of candidates, of the addresses of polling stations, and of polling times, and that from now on candidates will not be allowed to distribute cards in their constituencies, as had become common practice. This will save candidates time and money, and voters will still be very well informed.

I would like to deal very briefly with two major proposals endorsed by the Barbeau Commission and the special committee—tax deductions granted to contributors in

order to encourage public participation in political life, and measures designed to democratize access to radio and television at election time—both excellent innovations.

This bill provides for a tax deduction of one third, up to a maximum of $500, of contributions made annually to registered parties or to candidates through authorized agents who will have to file a report. The special committee had rather recommended the introduction of tax relief for individuals and corporations. This is, however, an excellent measure which should encourage the public to participate in the financing of our political parties, a thing for which it has always showed very little interest, and the results will be most interesting to watch.

Finally, the bill aims at limiting to 6½ hours the broadcasting time allowed the registered parties at election time, according to the recommendation of the special committee. This time will be divided up fairly among the parties, under the authority of the CRTC, and I believe that formula has already given good results. It is only fair that the cost be shared by the government and the parties themselves that will benefit from the arrangement.

I want to point out a well-advised innovation which will be welcomed by all the candidates and which is already enshrined in the Quebec Election Act. As everyone is aware, election campaigns signal the revival of the almost general practice whereby the rates of advertisement in newspapers, over the radio and television are boosted. From now on, rates will be based on the lowest rates applicable to customers for comparable advertisements. This reform was imperative and is intended to rectify an unjust situation.

Mr. Speaker, the president of the Privy Council (Mr. MacEachen) indicated that, except with regard to fundamental principles, he was willing to listen to the recommendations of hon. members, and of the Standing Committee on Privileges and Elections to which the bill will be referred, and where we will have the opportunity of discussing it further and suggesting amendments. Meantime, the government must be congratulated for having introduced this bill with a view to bringing in several important and interesting changes in a complex field which touches upon the very basis of our democratic life.

This is an important step towards improving further a system that was not perfect but which won Canada the reputation of holding elections that truly reflect the will of the people.

[*English*]

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, when this debate began on Thursday, May 18, my colleague the hon. member for Regina-Lake Centre (Mr. Benjamin) indicated that we are in support of the principle of this bill. But in that same speech he pointed out that in the bill there are some very serious flaws. Even by the time my colleague reached the end of his speech, he found it necessary to say this:

• (1650)

Finally, and in my opinion most importantly, I say to the government House leader it is a "must" that we incorporate an additional clause in the bill to provide for a limitation on parties the same as is provided for candidates. Unless we have a limitation on parties' expenditure, the whole intent, purpose and most of the principle of the legislation is nullified or set aside.

I may say on behalf of the members of this party, including the hon. member for Regina-Lake Centre (Mr. Benjamin), that our further and more detailed study of this bill has led us to the conviction that although there are a number of things in it that are good, the bill itself completely fails to implement the principle that we support and the principle that the bill is supposed to implement. We have had that drawn to our attention in mild but very effective terms this afternoon by the hon. member for Peel South (Mr. Chappell) who was the chairman of the special committee that considered this whole question. Even he, before he got to the end of his speech, pleaded with the President of the Privy Council (Mr. MacEachen) that Bill C-211 be sent back to the special committee, and that the special committee be reconstituted for that purpose, so that it might participate in the drafting of a better piece of legislation.

The position that we take is that this bill, although it is presented to us as a bill to control election expenses and to do certain other things with respect to elections, completely fails to do what it proposes to do and we feel that to pass this bill off on the people of Canada in its present form is to perpetrate another hoax. In our view, the government is trading on the general and popular interest in the idea of doing something about election expenses and it hopes that because it has presented a bill which is called a bill dealing with election expenses the public will swallow it and think that something good has been done.

In our view, if this bill were passed and put on the statute books, it would fail to do the job that it is supposed to do, and its presence on the statute books would be a bar to getting a decent piece of legislation for a long time to come. Therefore, we feel, as does the hon. member for Peel South, only perhaps we feel a bit stronger about it than he does, that this bill in its present form should not be proceeded with. It should either be sent back to the special committee that dealt with this matter or it should be sent back to the government and a totally new piece of legislation should be introduced.

I suspect, Mr. Speaker, that you realize that I am making it very clear that it is our intention to vote against this bill in its present form so that you will realize that when I propose at the end of my speech a reasoned amendment you will see that it is not one of those amendments with which you sometimes have to cope, the kind that seem to go both ways. Ours is an amendment that says that this bill should be stopped in its progress and, instead, that a totally different piece of legislation should be introduced.

In the reasoned amendment which I shall move, I shall indicate at least two of the important principles which should be contained in a better piece of legislation. I may say that we gave a good deal of consideration to the question of whether those principles could be obtained by making amendments to this bill, and we have come to the conclusion that that cannot be done. I state that both in procedural terms and in substantive terms. We therefore feel that this bill in its present form should not be proceeded with but that the House should stop it in its tracks,

and call upon the government to bring in another piece of legislation.

This whole question of election expenses is one that has been before us for a long, long time. It was a live issue before any of us in this chamber came here. But in recent years it has been a particularly lively issue, and no one has done more to popularize the idea that something should be done about the control of election expenses and about putting candidates on an equal footing than the present Prime Minister (Mr. Trudeau) himself. At a press conference on April 7, 1968, in the city of Ottawa the following question was put to the Prime Minister:

> Do you intend to do anything about implementing the report of the Election Expenses Committee?

That, I may say in parenthesis, was the report that was tabled in 1966. The rest of the question was:

> It seems to me this is rather fundamental to the just society which you mentioned.

The answer of the Prime Minister was very terse but very much to the point:

> I agree. Top priority. Next Speech from the Throne.

That was in 1968. Later that same year, on June 4, 1968, in the city of Edmonton the Prime Minister said:

> There are many aspects of the just society. It includes electoral reform so that the citizen really has a right to express his choice, his political choice, freely and without basing himself on how much money a party can get.

A few days later, on June 10, 1968, speaking over the CBC the Prime Minister said:

> The important thing is that our laws and our election laws be reformed in order to make sure all parties are on as equal a footing as possible by reducing election expenses, by making the government assume as large a part of the election expenses of all parties as is possible.

I say, therefore, that no one gets more credit for this issue being a lively one today than the present Prime Minister. Mind you, when, as a result of these statements, we pressed him for action on the matter of the election expenses, we were put off; we were given the old answer about the crowded state of the parliamentary timetable, and so on, and we were told there was not time to do anything about it before the next election whenever it might come. But now in this pre-election period—however long the period may be—when we seem to be getting various kinds of goodies, we have been handed this bill. The trouble is that that word does not apply to this piece of legislation. It passes itself off as doing something about election expenses but it completely fails to establish the kind of equality to which the Prime Minister referred.

Mr. Speaker, since you are about to get to your feet I shall sit down, but I shall have something more to say about this matter at eight o'clock.

PROCEEDINGS ON ADJOURNMENT MOTION

SUBJECT MATTER OF QUESTIONS TO BE DEBATED

Mr. Speaker: It is my duty, pursuant to Standing Order 40, to inform the House that the questions to be raised tonight at the time of adjournment are as follows: the hon. member for Red Deer (Mr. Thompson)—Grain—rapeseed—laying of charges by Wheat Board against certain farmers for overdelivery—request for government intervention; the hon. member for Fraser Valley West (Mr. Rose)—External Affairs—proposed nuclear test by France—suggested grant to "Greenpeace III"; the hon. member for Central Nova (Mr. MacKay)—Natural Resources—offshore mineral rights—state of negotiations with Nova Scotia.

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

[Mr. Knowles (Winnipeg North Centre).]

• (1700)

PRIVATE MEMBERS' MOTIONS FOR PAPERS

ATOMIC ENERGY

HEAVY WATER PRODUCTION—REQUEST FOR COPY OF REPORT ON ASSUMPTION OF RESPONSIBILITY FOR DEUTERIUM OF CANADA PLANT BY ATOMIC ENERGY OF CANADA LIMITED

Hon. Paul Hellyer (Trinity) moved:

> That an Order of the House do issue for copies of any report or reports prepared by or for the government recommending that Atomic Energy of Canada Limited assume responsibility for the reconstruction and operation of the Deuterium of Canada Limited heavy water production plant at Glace Bay, N.S.

He said: Mr. Speaker, there are at least three important principles involved in a discussion of this resolution. The first and most immediate is the question of disclosure of essential information necessary to enable members of parliament to fulfil their function as watchdogs of the public purse. The second, and related principle, is the extent to which political considerations should be injected into economic decisions by government. The third, and equally related question, is the extent to which government should raise money through taxation to spend on high cost projects that have highly political overtones. There is a question of priorities, and Canadians are overtaxed by governments which spend money with reckless abandon.

Speaking to the first point, Mr. Speaker, I wonder how we can determine whether or not the government's decision to reconstruct the Deuterium of Canada plant is a wise decision if we are denied access to the information on which the judgment was based. It is just possible that the government did not receive any advice, Mr. Speaker. If that is the case it is an important fact of which we should be made aware. More likely, however, in this case there would be a recommendation from Atomic Energy of Canada Limited. I would like to know if the government has acted in accordance with expert advice, or contrary to it. Of course, the government may be making the best of a bad deal in proceeding as it is or, Mr. Speaker, it may be throwing good money after bad. How do we know if we do

not have access to the facts? A review of the origin of this project might be useful at this stage.

I well recall the early discussions in cabinet. Canada experienced a shortage of heavy water. An increased supply was required to provide for our new atomic energy plants that were being built. Two proposals were put forward for consideration. One involved construction of a plant in Whiteshell, Manitoba, under contract to the Canadian General Electric Company. The other was the Deuterium of Canada proposal for construction of the Glace Bay plant. All of the expert advice supported the Canadian General Electric proposal. Most of the problems relating to the Deuterium proposal were anticipated in the discussion.

The discussion raged on for a considerable time. Ultimately, a decision was taken. The decision finally was strictly political. It was a private decision taken by the then Prime Minister and the present President of the Privy Council (Mr. MacEachen). It defied economics. It was a political decision, pure and simple. Incidentally, Mr. Speaker, this is not an isolated example of political decision making by the President of the Privy Council. He has a good track record in this regard. I understand he studied economics at university, but I have not seen the slightest evidence that he is able to keep the principles in mind on a day-to-day basis. The financial results of this judgment have been great, with about $100 million down the drain so far. That means that every Canadian taxpayer, every member of the Canadian labour force, has been relieved of about $12 in tax money for one blunder on the part of government.

If this were the only case it would not be so bad, but there have been many, many other cases of governmental blundering in decision making. We have one in Manitoba involving vast sums of money. We have another one in Newfoundland where an excessive over-run of costs occurred. Then, of course, in the Department of Regional Economic Expansion subjective judgments are being made almost every day. Recently a decision was made to subsidize a French tire manufacturing company with a considerable amount of the taxpayers' money. I have wondered if the workers in other tire manufacturing plants in Canada want to pay higher taxes in order to help put themselves out of jobs.

A while ago the Canadian taxpayers were asked to provide some millions of dollars to an American soap company to build a paper plant in northern Alberta. This was decided at a time when capacity in that industry was already far greater than the demand. Once again, I think it is reasonable to ask: did the workers in the existing plants with the existing surplus capacity want to pay higher taxes in order to subsidize the elimination of their own jobs? The story, of course, goes on and on. There are some very important considerations in so far as the principles are concerned.

When I was doing research for my book, "Agenda: a Plan for Action" I took a look at some of the experience related to both public ownership of industry in Canada and public participation by other means. I found there were certain very interesting principles involved, in so far as the line of demarcation is concerned, between companies publicly owned which affect the average citizen directly, and those which do not. For example, I found that corporations like the Canadian Overseas Telecommunications Corporation, which is not widely known, and whose name would probably not be recognized by many Canadian taxpayers, operates very efficiently and with virtually no interference on the part of government whatsoever.

When that corporation reported to me as minister of transport, I think I came in direct contact with the president of the corporation about only once a year. On that occasion he would bring to me their annual statement for the year, and report verbally on the success they had encountered. Almost inevitably they had good financial success. The service they were providing to the Canadian people was highly satisfactory, and there was no reason for me and no inclination on my part to inject political considerations into the management of that corporation.

I think the same could be said of Polymer, Mr. Speaker. It has often been cited as an example of a Canadian corporation, publicly owned, which was operated with virtually no political interference at all. Certainly, this was the case until recently, when I think some exceptions might have been made. During all those years it was a most successful organization. Part of its success was due to the fact that it was operated by highly skilled management, with exactly the same kind of criteria that would be applied in privately administered enterprises. Its success was worldwide. Very recently some political considerations have been injected into the management of that company, but I have not yet had a chance to check the effects of that interference.

• (1710)

On the other hand, Mr. Speaker, other types of corporations are quite different. I should like to give two examples of corporations where on a day to day basis they come into contact with many Canadian citizens and where as a consequence and inevitably, political judgments are introduced. The first one is Central Mortgage and Housing. Here is a publicly owned corporation which affects the lives of many Canadians quite directly. If one were to examine the file, one would find that during its years of existence there has been more than a little correspondence from individual taxpayers to the minister to whom the corporation reported. Of course, in many cases the inquiries were merely of a factual nature, but in other cases direct intervention on the part of the corporation was called for. It is virtually inevitable, where any corporation comes in this kind of direct contact with individual taxpayers, that political and subjective judgments will have to be made on behalf of the people being represented.

One could cite the Canadian National Railways as another case in point. Often there have been requests to shut down branch lines which were overruled indirectly by the government. It would not be convenient to have a certain branch line shut down just in advance of a general election or a by-election where that branch line happened to serve a constituency which was a marginal case. From my earlier years in parliament, I recall direct intervention by the government in settling labour disputes between Canadian National Railways and its employees and normal considerations were abrogated when the political

considerations became paramount as far as the government was concerned. Even though the interference would be difficult to document in many cases because of the nature of the intervention, the intervention was nevertheless real. In those circumstances, of course, the cost to the Canadian taxpayer rises very substantially.

It is not only in cases where ownership is involved that the expenditure of public funds increases due to political intervention. As I stated a few seconds ago there are other examples as well. One that is currently in the news is the Department of Regional Economic Expansion. As a matter of fact, I have said on other occasions, and repeat today, that I question the necessity for this department of government at all. I am not the least bit convinced that it is a wise expenditure of the taxpayers' money. No doubt some success can be pointed out in cases where financial support has resulted in industrial expansion in underdeveloped parts of the country, but there are other cases where the result has been a higher cost of the products consumed by the Canadian taxpayer. In other cases the claim can be substantiated that the expenditure of public funds has merely resulted in the transfer of unemployment from one part of the country to another without any net gain whatsoever.

It seems to be a penchant of government to introduce programs without having the facility or the will, in some cases, to follow them up with an analysis to see whether the benefits are equal to the costs. I think if I were making a recommendation to the government on an over-all basis, it would be that more of our programs should be subjected to minute scrutiny after they had been in operation for a period of time in order to see whether taxpayers are getting value for their money. In many cases, I suspect they are not. Certainly, the Department of Regional Economic Expansion is one case where I think it would have been better if the department had never been formed. That is not to deny that there are parts of the country in need of economic assistance but there are other ways to accomplish this. It can be done by the application of the rule of law in budgets to provide special tax privileges or accelerated depreciation or some other financial benefits in certain parts of the country if that is desired. There is an objection to the fact that subjective judgments are being made by people with no experience in business. One has only to look at the dossiers of some of the people involved in making these decisions to know that they are quite unqualified. They have never had to raise money and account for it personally and, as a result, funds are disbursed in a way that is casual, to say the least.

In summary, Mr. Speaker, I would say that in relation to this motion we have three principles which deserve more attention and debate than they have received lately. There is the whole question of secrecy. In a case like this why can information not be made public? Why should the Canadian people be denied the information on which judgments are based? Why should those of us who sit in parliament and have a responsibility to the Canadian people in respect of parliamentary and governmental expenditures, not have the information necessary to decide for ourselves whether the government is being prudent with tax dollars?

[Mr. Hellyer.]

We have grown up with the tradition of secrecy in this country, and I have seen some of this from the inside. I remember when it was considered improper in Canada to brief members of parliament on defence information which was classified even with a modest level of security classification. I had a chance to do something about that, and after I became minister I briefed members of the parliamentary committee on defence, including information which was secret and top secret in classification. Based on my own experience, Mr. Speaker, I am convinced that secrecy is often used as a cloak to deny to parliament and the Canadian people the facts to which they are entitled. I should like to see much more information made available, and I am sure it could be prepared in such a way that it would not prejudice the careers or integrity of the people who write the briefs.

Secondly, Mr. Speaker, I think that government as a whole is getting involved in far too many judgments in the marketplace. In particular, I think this practice of setting up boards and departments with arbitrary powers should be checked. There are too few checks on the spending of public funds and the whole trend toward intervention on an arbitrary basis is alarming, in my opinion, and should be thoroughly examined. If the results are as I expect, the trend should be reversed.

Finally, and directly related to the program to which I have referred, is the total amount of money collected from the Canadian people. When we are involved in so many cases of subsidization, when we are involved in so many cases of attempting to do the impossible, inevitably we have to collect more money from the Canadian taxpayer than is reasonable. This is becoming a major problem and affects not only low income earners of Canada but all income earners, including the middle class. For the majority of Canadians, except the very rich, the tax level has reached the point of becoming burdensome. I know this from experience, having talked to constituents in my riding. Many of them find it difficult to keep their heads above water financially. The burden of taxation is becoming very great at the municipal level, and at the provincial level. In Ontario, after the last election, a number of taxes and levies have been substantially increased. The burden is heavy at the federal level. At the end of the year, personal income taxes are to rise in accordance with the provisions of the recent budget. So, too much money is being collected for questionable projects. Too much money is being spent on so-called priorities that are not the real priorities of the average Canadian citizen. The government is becoming involved in too many areas which, in my opinion, would be better left to the responsibility of the average taxpaying citizen himself.

• (1720)

Mr. B. Keith Penner (Thunder Bay): Mr. Speaker, I listened with some care to the remarks of the hon. member for Trinity (Mr. Hellyer). I noted at the outset that he charged that the government, in assuming responsibility for the reconstruction and operation of the heavy water plant at Glace Bay, Nova Scotia, had blundered. I waited with some anticipation to hear the facts which would support that charge.

Mr. Hellyer: Mr. Speaker, I rise on a question of privilege. I think my hon. friend was not listening quite as closely as he indicated. I did not say that in making the decision to reconstruct the plant the government had blundered. I did say, and this is the point, that we do not know whether or not the government had made a mistake. The Pearson government made a mistake in making the decision on a political basis in the first place. But, I do not know whether the present decision is right or wrong, since this government is hiding the facts on which the decision was based.

Mr. Penner: Mr. Speaker, I thank the hon. member for correcting the inference on my part that there was a charge of blundering. I believe the word was used, and the implication was there. The hon. member says he did not mean that, and I withdraw my remarks on that point. I had the feeling though, as the hon. member spoke that he really did not care if he received these reports, that his motion for the production of these papers was simply a device, a spring board to give him another chance to discuss general economic policy.

I must say I was amazed that the hon. member would wish to downgrade in such strong terms the making of political decisions. Is the hon. member suggesting to this House that in his long and distinguished career as a parliamentarian and member of government he did not make political decisions? I was under the impression that members of parliament were elected by their constituents to come to Ottawa to help to make political decisions. Now, we are told that political decisions are wrong and that we should leave most decisions to the experts.

Some hon. Members: Hear, hear!

Mr. Penner: Apparently, if we leave everything to the experts, Canada will be a happier and better country in which to live. I suggest that the hon. member should look at some decisions experts have made in this country as well as internationally. Not long ago, when I was at the United Nations in New York, I heard of certain decisions that had been made by experts in the field of agriculture. To put in bluntly, those decisions were nothing but boners. So, experts sometimes make terribly had decisions, and their decisions are not always in the best interests of the people.

The hon. member talked about Canadian National Railways and suggested that there is often some political pressure exerted which prevents that company from taking certain actions. I hope there is such pressure, and wish there were more of it. Let me cite an example from my riding. On the advice of experts, Canadian National decided that they would "run through" the community of Nakina. Here, "run through" means that the company would not bother changing crews in that community. The people of that community got together and formed a citizen's action committee which put political pressure on their representatives, on the government and on others. The result of that political pressure was a political decision. The run through was prevented.

What happened subsequently? The experts took another look at long hauls on railroads and found two interesting things. First, they discovered that long hauls are not safe. We know that there is an increasing number of accidents on the railways. Perhaps some accidents are taking place because men are spending too long on the job and getting tired. Safety and alertness are diminished by long hauls. Second, the experts found that long hauls are not economical. So here is a case in which, if the advice of experts had been followed, a thoroughly bad decision would have been made.

May I return to the notice of motion, Mr. Speaker, concerning the production of papers having to do with the decision of the government to assume responsibility for the reconstruction and operation of the heavy water plant at Glace Bay. It was announced in this House on January 29, 1971 by the then minister of Energy, Mines and Resources that the government had authorized Atomic Energy of Canada Limited to enter into an agreement with Deuterium of Canada Limited and the government of Nova Scotia to enable Atomic Energy of Canada Limited to do an assessment which would determine the feasibility and probable cost of bringing the heavy water plant at Glace Bay into production. By now, the plant ought to be producing between 1,700 and 1,800 tons of heavy water which is desperately needed to alleviate the present shortage, a shortage that is not expected to be met until some time in 1974.

The province of Nova Scotia had indicated to the federal government that it was not practicable, because of a lack of sufficient technical expertise at the provincial level, for Nova Scotia to bring the plant into production and operate it with provincial facilities and resources. The government of Canada, therefore, authorized the AECL study, while making clear that it did not include any commitment on the part of the federal government or AECL to carry out further work, to put the plant into production or to operate the same. This study, however, would be submitted to the government for its consideration upon completion.

Atomic Energy of Canada Limited then engaged Canatom Mon-Max, an engineering consortium consisting of Canatom Limited of Montreal and Mon-Max Limited of Calgary, to do a detailed engineering study of the Glace Bay plant and prepare a reconstruction cost estimate. The Canatom study was delivered to AECL on 31 May, 1971, and formed part of a subsequent submission by AECL to the federal government that concluded that, given certain conditions, heavy water could be produced sooner and more cheaply from a rebuilt Glace Bay plant than from a new plant of equivalent capacity.

In early October, 1971 it was announced that AECL had been authorized to commence negotiation with the province of Nova Scotia and Deuterium of Canada Limited, to determine whether a basis could be found for an agreement whereby, with the concurrence of the federal government, AECL would assume responsibility for the reconstruction and operation of the heavy water plant at Glace Bay.

Then, on October 29, 1971, the Prime Minister (Mr. Trudeau) announced in Halifax that a proposal had been negotiated which envisaged AECL acquiring a leasehold interest in the plant and assuming full responsibility for its reconstruction and eventual operation. The job was expected to take about three years and cost $95 million.

An agreement was signed which provided for AECL to lease the plant at a nominal rent of one dollar per annum. Loan funds amounting to $95 million to cover the estimated cost of the job were made available by means of a supplementary estimate approved late in 1971. AECL officially took over the plant on November 29, 1971, and work was begun immediately by the engineer and prime contractor hired by AECL to manage the rehabilitation of the plant.

• (1730)

Essentially, the agreement between the province and AECL provides for AECL to lease the heavy water plant and operate it or arrange for its operation by a third party. The cost of rehabilitation and operation, in respect of which loan funds have been made available by the federal government, will be recovered from the revenue received from the sale of the product. The lease will be terminated when the rehabilitation costs have been collected. That, briefly, is the history of federal government involvement in the heavy water plant at Glace Bay.

The hon. member for Trinity now asks this House to issue an order as a result of which the reports which were prepared for AECL would be made public. He wishes to see and examine all the documents pertaining to the making of this important decision. I have a great deal of sympathy with the hon. member's more general submission in connection with administrative secrecy. The principle of administrative secrecy is a long established tradition of the British parliamentary system, but I am among those who question whether or not this principle conforms with the requirements of modern democracy.

In a modern democracy, publicity services are indispensable to citizens who wish to participate actively in the political process. This is what the hon. member for Trinity is complaining about: he was not allowed to see the reports so that he could determine whether the decision taken was a wise one. There are those who argue that the strong position of administrative secrecy in all countries which have inherited the British parliamentary system is a legacy which one can trace back to the period of absolute monarchy. It is, therefore, probably axiomatic to say that any large measure of government secrecy is incompatible with democracy.

Having said this, however, I am prepared to argue that there are good, valid and acceptable reasons why the particular reports requested by the hon. member should not be made public at this time.

Let us bear in mind that the hon. member requests particular information—reports which were prepared for Atomic Energy of Canada Limited on the basis of which this Crown company would later furnish a memorandum to cabinet. First of all, I would point out that the Crown in the right of Nova Scotia is involved in litigation with several companies which participated in the original construction of the Glace Bay plant. The detailed engineering assessment of the plant which was made for AECL, and the subsequent report prepared by AECL for cabinet, necessarily contained information and opinions relative to the original construction. To make public these documents could be regarded as prejudicial to the fair disposition of that litigation.

[Mr. Penner.]

Second, I am certain that the hon. member for Trinity, who has a long and distinguished career in parliament and government, realizes that when public officials or consultants are asked to prepare a report they do so with more candour if they are assured of privacy or confidentiality. In the case of the heavy water plant at Glace Bay, the government wanted a candid disclosure or revelation so that it would not be necessary to read between the lines and draw inferences. The report undoubtedly contained frank comments concerning the provincial government in power at the time, public servants and commercial firms. This frankness was necessary. But my point is that those comments would not have been made had the reports been prepared with public scrutiny in mind. If the competence of commercial firms is questioned in a public document, those firms must be given the opportunity to reply.

As far as I know, there was no public inquiry into the failure of the heavy water plant at Glace Bay to go into production. Perhaps there should have been. But the problem facing the federal government was whether it was economically feasible to attempt to put the plant into production or whether in the hon. member's words, it would be merely sending good money after bad. On the basis of the reports it was concluded that heavy water could be produced earlier and more cheaply from a rebuilt Glace Bay plant than from a new plant of equivalent capacity.

Mr. Hellyer: Mr. Speaker, would the hon. member permit a question? Earlier in his speech, when he read that same sentence, the hon. member said "subject to certain conditions". Can he advise the House what those conditions were?

Mr. Penner: Certainly, when you are putting a plant like this back into production there are all kinds of conditions. The hon. member is asking me to provide him with technical data as to what these conditions were. That kind of data, though not available to me, was available to the government which had to make this decision.

In the third place, I would remind the hon. member that the reports—as no doubt he already knows—are the proprietory material of Atomic Energy of Canada Limited. The information contained in them was prepared by an engineering firm especially for AECL, which in turn was charged with the responsibility of preparing a memorandum for cabinet. Proprietory material might well contain data which, if made public, could put Atomic Energy of Canada at a competitive disadvantage in its efforts to sell, for example its CANDU power reactors at home and abroad.

I might point out that Canada's development of a distinct line of highly economical nuclear power reactors has now reached the stage of initial commercial acceptance by electrical utilities. This stage has been reached in spite of the fact that Canadian expenditures on nuclear power development have been extremely modest compared to those of the U.S.A., the U.S.S.R., the United Kingdom, France, and now West Germany and Japan.

In 1971-72, AECL received its first real budgetary increase in four years. This year's estimates show that the operating and capital budget will total $79 million, an increase of $2 million over last year. CANDU reactors are

capable of further development to meet the challenge of competition from new designs, at least for the foreseeable future. By 1980, Canadian designed nuclear power generating capacity already committed will total over six million kilowatts, and strong efforts are being made to interest other countries in the purchase of reactors of the CANDU type. Any data which might serve to weaken AECL's competitive position would clearly, if published, not be in the best interests of Canada.

• (1740)

These, Mr. Speaker, are some of my arguments in opposition to the hon. member's notice of motion for the production of the reports which were submitted to Atomic Energy of Canada Limited concerning the heavy water plant at Glace Bay, Nova Scotia.

Mr. Donald MacInnis (Cape Breton-East Richmond): Mr. Speaker, I want it understood immediately that I support the proposition put forward by the hon. member for Trinity (Mr. Hellyer) that all information in this matter should be made available to the Canadian taxpayer. In saying that I also want it clearly understood that I am definitely in favour of the government's undertaking to rehabilitate the Glace Bay plant in view of the fact that there is an unemployment rate of 29 to 31 per cent in the area and the rehabilitation of the plant would mean a great deal.

Although I fully support the making of this information available, I should like to spend a few minutes referring to some of the comments made by the hon. member for Thunder Bay (Mr. Penner) who gave a brief history—and I emphasize that it was a very brief history—of this government's part in the construction of the Glace Bay heavy water plant.

The hon. member for Trinity referred to some important principles. He referred to the fact that some highly political overtures were made. He mentioned there was expert advice given, that we should review the origin of the decisions taken, and he said that it was a political decision of the Pearson government to rehabilitate this plant. One thing that amazes me is that the hon. member for Trinity was a member of the government which made the decision that put the government of Nova Scotia of that day in a financial straitjacket.

If the government wants the facts, the facts are available. For the last five years I have been listening to snide remarks that have been directed from the other side of the House to my leader on the subject of the heavy water plant at Glace Bay. I say they are snide for this reason: hon. members opposite who make these remarks do not know the history of the heavy water plant at Glace Bay. How many of them are aware that it was the government of Nova Scotia, in conjunction with Atomic Energy of Canada Limited, which first undertook to invest between $15 million and $18 million in developing this plant?

The decision was then made to double the capacity of the plant and thereby double the cost of building the plant. I do not think the government of Nova Scotia was necessarily involved in that decision, but even the present government House leader, whom I am sorry to see is not in his seat, referred to it as a tremendous undertaking. Indeed, he had nothing but praise for the decision.

Then having doubled the capacity of the plant, the Liberal government of the day insisted that the Nova Scotia government have a controlling interest of 51 per cent, thereby putting it in the financial straitjacket in which it eventually wound up. Hon. members opposite point their finger at the Leader of the Official Opposition (Mr. Stanfield) who happened to be premier of the province of Nova Scotia at the time, but he really had no choice; he and the people of Nova Scotia were forced into this position.

When hon. members opposite talk of political decisions, let them remember this. The Nova Scotia government undertook to study the possibility of rehabilitating this plant. The study, which was done by Dupont, showed that the plant could be rehabilitated for $30 million. So what did the government do? It waited and waited until the cost of rehabilitating the plant had climbed to over $90 million. This was a political decision that tripled the cost of rehabilitation. If hon. members opposite want proof that this was a political decision, that proof is not hard to find. I am ashamed to say it, but the minister from Cape Breton who is the government House leader addressed a political audience at the eleventh hour of a provincial election campaign at Glace Bay and said, on October 11, that an agreement was ready for signature but that the government of Nova Scotia had not made the new offer which was absolutely necessary.

I have raised this matter before in the House and if anyone questions what I say, I have a transcript here of the television broadcast that the minister gave. If that is not enough, then I invite each and every member to join me in my office where I will play them the tape recording of what the minister said in regard to the failure of the government of Nova Scotia to make that new and necessary offer.

On October 13 there was a change to a Liberal government. Six days later, on October 19, there was introduced in this House a bill to give aid to this plant. The delaying of this decision by the government cost the taxpayers of Canada in excess of $60 million. The hon. member for Trinity speaks about responsibilities, but he should have taken some of the responsibility for the political decision made when the issue was first brought before parliament. I can turn to a great deal of evidence given before the science committee of the other place. The chairman of that committee was a minister of the government and said that the cabinet had not discussed the matter fully enough to make a worth-while decision.

The hon. member for Thunder Bay talked of the tremendous potential of the plant and referred to the competition Canada is facing in the field of nuclear reactors. I say this is absolute nonsense. The fact is that we cannot sell them; we have to give them away. Only two countries have looked at these reactors, Pakistan and India. And what did they pay for them? I should like to see a financial statement proving that they paid one penny. Probably they became part of the foreign aid scheme.

The hon. member stated that other countries do not make use of heavy water for their atomic reactors but, rather, are using enriched uranium. If the hon. member for Thunder Bay wishes to question this, I suggest he speak to the chairman of the science committee of the

other place who has put the record straight. He is a member of the hon. member's party. I have referred to remarks made by the chairman of the science committee of the other place, as well as by the hon. member for Trinity and the hon. member for Thunder Bay. The hon. member opposite in the back row, from Renfrew-Carleton, has taken exception to statements made by his Prime Minister (Mr. Trudeau) about the development at Glace Bay. He complained that certain conditions were to be met—

Mr. McBride: On a point of order, Mr. Speaker, I appreciate being recognized by the hon. member but my constituency is Lanark-Renfrew-Carleton.

Mr. McIntosh: That is a great contribution.

Mr. MacInnis: Mr. Speaker, that is what I call a contribution to the debate. At least I will admit that Liberal members know where they come from. I say the evidence is there for all to see. It is interesting to note that a former minister who recently resigned from the government—I say this with all due respect to him, because he resigned for health reasons—was pushing for a system of operation that would not use heavy water. I refer to the former minister of energy, mines and resources. I have a cutting from the *Globe and Mail* of December 18, 1970, which is headlined "Greene indicates Ottawa leaning toward building a uranium enriching plant". This is in contradiction to all the undertakings given by AECL. A former minister of the government is questioning whether a proper decision was taken and whether the cabinet had given the matter enough study.

• (1750)

There is no question that this was a political decision involving the expenditure of $60 million to help the Liberal government; this was denied the Conservative government of Nova Scotia. Perhaps I should not suggest that a decision to put the plant in Glace Bay was a political decision because there was a Conservative government involved. The government in power today did its utmost to put the people of Nova Scotia in a financial straitjacket, and it will take them a very long time to recover.

Snide remarks are being made every day about the leader of the opposition. Hardly a day goes by without the hon. member for St. Boniface (Mr. Guay) shouting something about heavy water. It is very interesting to note what was said on April 1, 1965, by the now new Liberal Premier of the province of Nova Scotia when he was a Liberal backbencher from Halifax. He directed a question to the then minister of labour, the minister from Cape Breton in the Liberal government. I shall quote his question to emphasize the fact that these are the people who today want to blame the leader of the opposition for all the faults of this plant at Glace Bay. The new Premier of Nova Scotia was sitting as a Liberal backbencher on April 1, 1965, when he asked this question. He had to be reminded by the Speaker that he could only ask his question if it was truly a question. He never knew how to ask a question when he was here, and now as Premier of Nova Scotia he does not know how to answer.

An hon. Member: That was April fool's day.

[Mr. MacInnis.]

Mr. MacInnis: The hon. member says it was April fool's day, but that had nothing to do with the question. Mr. Speaker said the now Premier of Nova Scotia could ask his question—

If it is a true question and not a statement.

MR. REGAN: It is a Nova Scotia one. Will the Minister of Labour assure the House that on behalf of all constituencies in Cape Breton, he will keep the type of representation in the future that brought to that island the heavy water plant?

Today, members of the Liberal party point to the leader of the opposition, because he was premier of Nova Scotia at the time, and shout about heavy water. You can hear their shouts throughout this chamber. But the question is in *Hansard* for all to read and check. At that time they apparently took full credit for the establishment of the plant in Glace Bay. Whenever things go wrong, members on the opposite side blame the leader of the opposition; but the facts can be checked.

When the government was prepared to double the capacity of the plant in Nova Scotia there was no announcement from the federal government or from the Conservative premier of Nova Scotia at that time. Who made the announcement about doubling the capacity of the Glace Bay heavy water plant? Lo and behold, it was the same Mr. Regan who is now the Liberal premier of that province; yet we hear every day from the other side the same shouts about heavy water. The responsibility is theirs; they made the decision and they can live with it.

Let me now come to the question of what is happening in respect of patronage. Again, I regret the absence of the government House leader, the hon. member from Cape Breton. The unemployment rate in Cape Breton today ranges between 29 per cent and 31 per cent. The minister from Cape Breton says he did not talk to anyone from Atomic Energy of Canada Limited, but when he was in Scotland last year he met a Scotsman at a social function and, just by coincidence, asked him to accept a job as public relations officer for Atomic Energy of Canada. He brought a Scotsman into this area where there is 29 per cent to 31 per cent unemployment. That man is now working in the plant where there are at least two men who have had years of experience in the public relations field. The minister says he does not remember speaking to him about this job, but he is not very emphatic in his denial.

In any event, Atomic Energy of Canada Limited hired this public relations officer. I understand that a public relations officer is someone who is employed to create a good public image for somebody else. This man was brought in from Scotland and put on the job, yet Atomic Energy of Canada Limited say he has not been there long enough for them to assess his capabilities. They did not advertise the job. They never advertise these positions. They did not contact the Atlantic public relations officers association to find someone from Cape Breton, Nova Scotia or even from the rest of Canada who was qualified to fill the position. Apparently, if you are looking for a job with this government the best thing to do is to go overseas and get in the way of a minister on tour at government expense. If you do not believe me, read the Auditor General's report and check the Paris newspapers.

There are thousands of young graduate Canadians tramping the streets of Ottawa and Montreal today. On

the very day it became known that this man had been hired there were three graduate students in my office from Montreal asking for help in finding work. Everywhere they went they were told they were over-educated. They were told that if they were put to work today, tomorrow, next week or next month there would be a position for a university graduate and they would leave the job. We have Canadians walking the streets today who are told they are over-educated. They are graduates of our universities who cannot get jobs. This government brings people from Scotland into this country under the aegis of Atomic Energy of Canada Limited and puts them to work in Cape Breton where there is an unemployment rate of between 29 per cent to 31 per cent.

I keep repeating that unemployment figure because if there ever was a government that needed, through repetition, to learn something about unemployment and other problems facing this country, it is this government. This is a government that runs advertisements in Paris newspapers inviting the educated to come to Canada, the land of opportunity. If this is the land of opportunity, it is time the government realized there are Canadians who are ready, willing and able to accept any opportunities that exist in this country. I believe in Canada for Canadians first, and I think it is shameful that this government brings in people from other countries to take jobs that could be filled by capable Canadians. There are hundreds of Canadians, many in Cape Breton, who are qualified to fill the public relations position at the Glace Bay heavy water plant. There are two men at the plant who have had years of experience in this field. What this government has allowed to happen is shameful.

The minister indicated he would not show any bias in respect of hiring a Nova Scotian or a Scotsman. Perhaps there is an historical bias because of the minister's Scottish name and background. The minister from Cape Breton suggests that what happened is all right because this man can speak Gaelic. I suggest that is absolute nonsense, I am against anybody coming to this country to take a job that a Canadian is able to do, and I do not care whether he comes from Wales, England, Scotland, Ireland or France.

The Acting Speaker (Mr. Boulanger): Order, please. The hour set aside for the consideration of private members' business has expired. It being six o'clock, I do now leave the chair until eight o'clock p.m.

At six o'clock the House took recess.

AFTER RECESS

The House resumed at 8 p.m.

25316—39

• (2010)

GOVERNMENT ORDERS

ELECTION EXPENSES BILL

AMENDMENTS TO CANADA ELECTIONS ACT AND INCOME TAX ACT

The House resumed consideration of the motion of Mr. MacEachen that Bill C-211, to amend the Canada Elections Act and the Income Tax Act, be read the second time and referred to the Standing Committee on Privileges and Elections.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, when this debate was interrupted by private members' hour at five o'clock I was in the midst of making it clear that we find this bill so disappointing that we feel it should not be proceeded with in its present form. Like the hon. member for Peel South (Mr. Chappell) who spoke earlier this afternoon, we point out that there are so many deficiencies in the bill that it does not carry out its intent, which is to control election expenses and put the various candidates and parties on some kind of an equal footing at election time. Because the bill is so deficient, because it is merely a case of trading on the idea of doing something about election expenses, we feel it would be better to have no bill at all than to have this one. Actually, our preference is that the bill be stopped in its tracks and that the government be called upon to bring in legislation that will provide effective control over election expenses and establish a better approach to equality among parties and candidates.

Having said that this bill is deficient in that it does not carry out its intention, that it does not carry out the principle which is supposed to underline it and which we would be prepared to support, may I point out two or three of its deficiencies. As my friend, the hon. member for Regina-Lake Centre (Mr. Benjamin), indicated on May 18, the biggest hole in the bill is to be found in the fact that although there are limitations on the expenditures of individual candidates there are no limitations on the expenditures of parties. I suggest, Mr. Speaker, that for all the good one can see in the effort that is behind this piece of legislation, that deficiency in itself nullifies the entire bill. What earthly use is there in saying that a candidate in an election can spend only so much money, if the provincial or national party behind that candidate can spend on his behalf without limit?

As the hon. member for Peel South also pointed out this afternoon, even the limitation that is imposed upon individual candidates is not as severe or real as it ought to be. There are figures in the legislation which by a process of arithmetic set a limit on the amount that an individual candidate can spend, but that limit applies only to the types of election expenses identified in the bill. There are about three or four categories of expenditures that qualify as the kind upon which there must be a limit. What earthly use is there in setting that kind of limit if ingenious candidates or ingenious parties can find all sorts of other ways in which to spend money at election time?

That is why we feel this bill is a hoax. That is why we take the position—and we take it as a party that has been advocating control of election expenses from the time it was farmed—that it would be better to have no bill at all than to have this one. If this bill passes and becomes law, it will be a long time before anything is done to make it effective, so we think it would be far better to stop it right now and prepare a decent and effective bill.

I welcome the comment made this afternoon by the hon. member for Peel South who was chairman of the Special Committee on Election Expenses. He said that the bill ought to be sent back to the special committee, that the special committee should be reconstituted so that it might participate in the drafting of a better piece of legislation. That deficiency in the bill, namely, that it does not provide any real or effective control on the limit that can be spent in an election campaign, is in itself enough to condemn this piece of legislation. A candidate in an election is limited in what he can spend on certain kinds of projects but not on all the things on which he can spend money, and the parties are not limited at all. Therefore I suggest the bill is so deficient on that point that we have to say that its principle, commendable as it is, is nullified by the terms of the legislation.

• (2020)

The second weakness in the bill is one that we feel very strongly about—although in some quarters of the House our view may not be shared—and that is its failure to required disclosure of campaign contributions. We recognize quite readily the difficulties that would arise if full disclosure were called for; there are some contributions. But I suggest that in terms of the effective working of democracy those problems are minor compared with the problems that are created by a situation in which powerful corporations can make sizeable contributions to the parties of their choice, knowing that there need be no public disclosure of those contributions.

May I remind hon. members of the House that this statement of mine—a statement that was made many times from this part of the House—about contributions to the older parties is supported by a statement that was made on February 14, 1972, here in Ottawa by Mr. R. G. Renkin, the Ontario provincial chairman for the Liberal party red carnation fund. The statement was very clear and very true. It was in these words:

> The Liberal party has operated for many years on the support of 95 major Canadian corporations.

I urge very strongly that that kind of situation must be cured. It has bedevilled Canadian politics for a long time.

Mr. Yewchuk: What is wrong with it, Stanley?

Mr. Knowles (Winnipeg North Centre): What is wrong with it is that it makes it possible for vested private interests to control the affairs of this country by making contributions which enable parties to have so much money to spend that they can capture the vote of the electorate at election time.

Mr. Yewchuk: Where is the evidence for that?

[Mr. Knowles (Winnipeg North Centre).]

Mr. Knowles (Winnipeg North Centre): If my hon. friend had not moved adjournment of debate this afternoon he could have continued his speech and given us the evidence one way or the other, but it is a fact of Canadian history. There have been scandals in the past and there have been valleys of humiliation over this very fact of the kind of contributions which corporate interests have made to the two old parties of this country. We feel very strongly that if we are going to do anything about election expenses we should cure this evil. Let us cure it by requiring that there be full disclosure of campaign contributions.

That recommendation has been made at various stages in the study of this matter, but when the government brought in this bill it did not see fit to include it. We think it is somewhat odd that in reference to the income tax credits to be allowed for contributions, reports have to be made in secret to the Minister of National Revenue (Mr. Gray). It continues to puzzle me how the Minister of National Revenue can have this information in that capacity, know what contributions have been made to this party and to all the other parties, and yet as a politician, a member of the government in power, to be assumed not to have this information.

If there is to be someone to whom this information has to be reported, we suggest that it should be an independent officer of parliament rather than a minister of the government. That, I may say, is in passing because the main point I am making is that in our view a bill dealing with election expenses in the year 1972 which does not touch the question of disclosure does not deserve the support of this House. A bill that does not do that should be given the treatment suggested this afternoon by the hon. member for Peel South, although let me make it clear that he did not suggest it for this reason but for several others. Such a bill should be sent back for redrafting so that it will deal with the problems we face in this field.

Another area where we feel this bill is deficient is in the area of reimbursement, and I should like—

The Acting Speaker (Mr. Laniel): Order, please. The hon. member for Athabasca (Mr. Yewchuk) is rising on a point of order.

Mr. Yewchuk: Mr. Speaker, I wondered if the hon. member would allow a question. I am curious to know if, as the hon. member states, corporations making contributions to parties leads to corruption, how disclosure of their names would necessarily stop that.

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, I suggest that the light of day cures a great many things. Dare I say that some people love darkness because their deeds are evil. I have said it anyway. What you can do in the dark can be a lot more evil than what you can do in the broad light of day. I suggest that if the information of who was supporting the Liberal party, the Progressive Conservative party, the New Democratic Party or the Social Credit party were made public, the country would at least know the source of that support and some things that are now being done would not be done. The people of the country would be much more free and able to make

their decision as to which party should be given support at election time.

I was about to deal with the question of the reimbursement to candidates of some of their expenses. I have noted that not only the hon. member for Peel South but the hon. member for Brome-Missisquoi (Mr. Forest) has taken exception to the formula that is in the bill before us which provides for a percentage reimbursement of certain kinds of expenses. Both those members took the view that we hold, namely, that the formula proposed by the committee over which the hon. member for Peel South presided was a much better one. It was to the effect that a certain minimum amount per voter should be made available to each candidate, at least to each candidate who can get a certain percentage of the vote, and the figure of 20 per cent is mentioned in the bill. At any rate, that kind of proposition has some element of fairness in it.

If there are 45,000 voters in a constituency and there are three or four parties running, and you give to each of those candidates a sufficient number of cents per voter so that the message can go out—as it were, enough cents to get out one piece of literature or what have you—at least you are providing some sort of equality among those three or four candidates. But when in place of that you say to the one who spent the most on a certain type of expenditure that he gets 25 per cent of it back, and to the fellow who did not have the money to spend that he gets little or nothing back, you are certainly not establishing any measure of equality among election candidates about which the Prime Minister (Mr. Trudeau) and the President of the Privy Council (Mr. MacEachen) spoke.

Mr. Yewchuk: How is it not equal?

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, the hon. member should have made his speech this afternoon. He is trying to make it on my time. He chose to move the adjournment of debate and lost his right to continue speaking. I think he should abide by the decision he took.

This formula for reimbursement, I suggest, is a terribly deficient one. I come back again to the fact that the two main purposes of this bill are supposed to be, first, to control election expenses and, second, to achieve some kind of equality among the candidates. The attempt to control expenses is completely vitiated by the first two deficiencies I have mentioned, and the attempt to achieve any kind of equality is completely missed by a formula based on a percentage proposition rather than on a formula that would provide equally for the various candidates in the field.

• (2030)

We think also, Mr. Speaker, that the failure of the bill to impose any kind of limitation or prohibition on foreign contributions—from foreign corporations, foreign trade unions, foreign individuals or what have you—is a weakness. This is a Canadian piece of legislation concerned about the election in Canada, by the people of Canada, of the Canadian parliament and we do not think that it should be possible for elections in this country to be influenced by money from abroad. Some of the studies that have led to this piece of legislation strongly recommend that there be a prohibition against the granting of income tax exemptions, and so on, for foreign contributions and we regret very much that this bill as it now stands has not implemented that recommendation.

For these four reasons as well as others, Mr. Speaker, I suggest that this bill is very deficient and that it ought not to be proceeded with at this time.

Some hon. Members: Hear, hear!

Mr. Knowles (Winnipeg North Centre): I have no hesitation in saying that it contains some things that are good. I think the attempt to provide some equality in terms of broadcasting is a good feature and I think the whole attempt to cope with the problem is good. There are a number of things in the bill that are good. But we have had to study the matter in depth, as is our responsibility, and when we look at the little bit of good and the tremendous amount of bad in the bill we feel that it would be better to have no election expenses bill at all than to be saddled with this one.

As I said, this bill has four main weaknesses, in that it does not control expenses because it places no limits on the parties, in that it does not provide for disclosure of contributions and thus leaves us open to all kinds of abuse; because it has the wrong formula for reimbursing candidates and because it places no limitations on contributions by foreign bodies or individuals. Therefore, Mr. Speaker, we urge this House not to be fooled by a piece of legislation that is being paraded under its title, that is being sold to the country simply because it is called a bill to control election expenses when it does not do that at all.

Some hon. Members: Hear, hear!

Mr. Knowles (Winnipeg North Centre): We think it should be sent back to the drawing board and we call upon the government to do that. Toward that end, and as I indicated before five o'clock that I would do, Mr. Speaker, I move, seconded by the hon. member for Comox-Alberni (Mr. Barnett):

> That Bill C-211 be not now read a second time but that it be resolved that in the opinion of this House the government should give immediate consideration to the presenting of a bill that will provide effective control over election expenses, by establishing reasonable limitations on the amounts parties as well as candidates may spend, and by providing for the full disclosure of contributions to political candidates and parties both at the time of and between election campaigns.

Hon. Allan J. MacEachen (President of the Privy Council): Mr. Speaker, I rise on a point of order. I will have more to say later about the substance of the hon. member's speech. I should like especially to speculate on why the New Democratic Party made a somersault on this bill over the weekend. What forces made the hon. member for Winnipeg North Centre (Mr. Knowles) disown the hon. member for Regina-Lake Centre (Mr. Benjamin) who told us—

Mr. Lewis: Order. Just speak to your point of order and don't get into a speech.

Mr. Knowles (Winnipeg North Centre): Stick to your point of order, and stick to the truth.

The Acting Speaker (Mr. Laniel): Order, please. Is the hon. President of the Privy Council (Mr. MacEachen) making a speech on the motion that is before the House, or is he rising on a point of order?

Mr. Peters: Anything at all!

Mr. MacEachen: On a point of order, Mr. Speaker. I am just establishing my grounds for later on. The amendment is probably more deficient from a procedural point of view than the one proposed on Friday last by the hon. member for Hillsborough (Mr. Macquarrie). While the hon. member for Winnipeg North Centre tried manfully and with considerable ingenuity to put his amendment within the four corners of the rules, he failed. And I am satisfied that he has not succeeded where the hon. member for Hillsborough failed.

We have in the amendment a series of opinions about this bill. They are all debatable propositions, a series of arguments. It seems to me that the flaw in the amendment is that every possible subject that has been covered by the hon. member for Winnipeg North Centre and included in his amendment is a subject matter that could be dealt with in committee by an amendment to the bill.

The hon. member has talked about the limitation of expenditures by parties. We have provided for a form of limitation of election expenditures by political parties and the hon. member is free to move an amendment in committee to broaden that type of limitation. Likewise, with the question of disclosure: he is perfectly free and able in committee to amend the provision of the bill in a way which would bring about all the objectives he has in mind, if he can get the support of the committee. It is quite unnecessary to ask the government to present another bill.

What is the necessity of presenting another bill, Mr. Speaker? That vehicle is not necessary to achieve the hon. member's objectives. All he has to do in committee is to move amendments, because none of these proposed changes is hostile or declaratory of any principle opposed to the principle of the bill. The bill incorporates the principle of limitation of election expenses, it incorporates the principle of disclosure, and the other details are even less important than those I have mentioned. I refer to Beauchesne's Fourth Edition, citation 389 which reads:

> A motion opposing the second reading of a bill must not anticipate amendments which may be moved in committee.

Every one of the proposals mentioned in this second reading amendment is a subject or amendment which may very well be moved in committee. On making a ruling on Friday last on the motion put forward by the hon. member for Hillsborough, the Chair quoted from May's Seventeenth Edition as follows:

> The amendment must not be concerned in detail with the provisions of the bill upon which it is moved, nor anticipate amendments thereto which may be moved in committee; nor is it permissible to propose merely the addition of words to the question—

What is being done in this second reading amendment is merely to anticipate amendments that can easily be moved in committee. I suggest that it is unnecessary to go through the charade of suggesting that we need another bill. What the hon. member should do is prepare amendments, move them in committee and persuade other members of the committee to accept them. Then the bill will come back in the form he wishes. Another bill is quite unnecessary.

I suggest it is even clearer today that this amendment is out of order, Mr. Speaker, than it was on Friday last when there was some doubt as to the regularity of the amendment proposed by the hon. member for Hillsborough. In this case the amendment is out of order for the reasons I have mentioned.

• (2040)

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, I always enjoy seeing the confidence with which the President of the Privy Council makes his little speech and says "That's it; the hon. member is out of order." The main point he seems to be trying to make tonight, since he cannot make the one he usually makes against second reading amendments, is that the changes I am suggesting can be achieved by amendments moved to the bill when it is in committee. Has the President of the Privy Council forgotten that this bill carries with it the Governor General's recommendation?

Mr. Howard (Skeena): Conveniently forgotten!

Mr. Knowles (Winnipeg North Centre): Has he forgotten that when we deal with the bill in committee and bring forward our suggestions that we shall be told, as we have been told time and time again, what we can or cannot do to the bill; because what we can do to it is laid down once and for all by the terms of the resolution agreed to by His Excellency the Governor General? I suggest to you, Sir, that any attempt of mine in the standing committee or at any point in the progress of this bill to change it from one that imposes limitations on only an aspect of expenses to one that deals with the whole, broad gamut of expenses would be met with the argument, as has happened so often in the past—

Mr. MacEachen: Not at all. The recommendation does not affect any of those items, and the hon. member knows it.

Mr. Knowles (Winnipeg North Centre): Don't give us that nonsense.

Mr. MacEachen: The hon. member knows it perfectly well.

Mr. Knowles (Winnipeg North Centre): The minister says I know this perfectly well.

Mr. MacEachen: You cannot show me any part of the recommendation which would have the effect the hon. member suggests.

Mr. Knowles (Winnipeg North Centre): We have been told time and again what happens when the Governor General provides the limits beyond which we cannot go. The minister himself, when he was minister of national health and welfare, well remembers that when he finally agreed that a certain kind of amendment should be made to the medicare bill, that that amendment which we put through but which has never been acted upon required a

supplementary recommendation from the Governor General.

Mr. MacEachen: Mr. Speaker, would the hon. member permit a question?

Mr. Knowles (Winnipeg North Centre): I suggest that any attempt to provide for a reimbursement formula that varies from the one in this bill would meet the charge that it constitutes a variation from the provisions of the bill itself. The minister knows very well that the development in procedural terms of the last few years, particularly since we have done away with the resolution stage, indicates that the form of the bill itself to which the Governor General has agreed, so far as its main contents are concerned, is the form that has been laid down, and that is what we cannot change.

Any attempt to make these kinds of major changes to the bill in committee would not get to first base. If we try to do this in committee the minister would be the first one, or Liberal members on the committee would be the first, to say that we cannot do that because we would be going beyond the terms of the bill laid down once and for all by the Governor General in his recommendation.

Mr. MacEachen: Mr. Speaker, would the hon. member permit a question? Can he show me where the Governor General's message or recommendation affects any of the proposals he has made? None of them affect the charge on the Crown; that is the critical point.

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, the minister amazes me. You know, he has such a good memory. Does he not know that when we have tried to argue that since there is no more resolution we are not necessarily limited by the terms of the Governor General's recommendation, we have been told that the measure before us is the measure we are considering and that we are considering only what has been recommended in "the present measure", to quote the royal recommendation.

Mr. MacEachen: Oh.

Mr. Knowles (Winnipeg North Centre): Please do not make those kinds of noises at me tonight. The minister knows better. We have been told that we are limited by "the present measure", and any attempt to get around that would be met with strong objection in the standing committee. Parliamentary counsel would be there—

Mr. MacEachen: Then how would it be possible to amend any bills in committee that are accompanied by recommendations? According to the hon. member's argument it would be impossible to amend any bill in committee, in any particular. That is the hon. member's position tonight.

Mr. Knowles (Winnipeg North Centre): It is still possible to amend the bill in committee on details that do not change the basic principle. However, we are asking for a different principle; we are asking for the principle of effective control of election expenses.

Mr. MacEachen: That is just an opinion, not an amendment.

Mr. Knowles (Winnipeg North Centre): We are saying that this bill does not control election expenses of parties at all and that it controls only some of the expenses of candidates. We are asking for the control of all expenses, both of candidates and of parties. In terms of disclosure, we are asking for things which could not be achieved by the process of trying to change the bill in committee.

Mr. MacEachen: That is nonsense.

Mr. Knowles (Winnipeg North Centre): Also, in our amendment we ask for the disclosure of contributions made between elections as well as at election time. I am sure, as sure as I stand here, that if we tried to move these amendments either in the standing committee or in committee of the whole, the first one on his feet saying that those amendments go beyond the terms of the bill as laid down and recommended by the Governor General would be the President of the Privy Council.

I am interested, of course, in noting that the President of the Privy Council did not raise the objection that was raised to the amendment moved last week by the hon. member for Hillsborough (Mr. Macquarrie), the objection that has been raised most often lately, that the amendment is partly in support of and partly opposed to the bill. We have made it clear, and I hope I have made it clear in my speech, that we are not as a group opposing the bill in part and then turning around and voting for it. We think the structure of the bill is basically wrong, and this is an amendment which proposes an alternative, one that is completely opposed to the bill as it stands.

Last Friday, Mr. Speaker, when you ruled on the amendment of the hon. member for Hillsborough you quoted some of the standard paragraphs dealing with the subject. May I quote in particular citation 382 of Beauchesne's Fourth Edition:

> It is also competent to a member who desires to place on record any special reasons for not agreeing to the second reading of a bill—

I interrupt myself to say that that is why I think these amendments are called reasoned amendments. We seek to give our reasons for not agreeing to the second reading of the bill. I continue:

> —to move as an amendment to the question, a resolution declaratory of some principle adverse to, or differing from, the principles, policy, or provisions of the bill—

That is precisely what we are doing. We are approaching this bill with a different principle, with a different view of its policy and we are suggesting different provisions. We think that the bill before us, Bill C-211, is not adequate. We are opposed to it and we want to stop it now so that there may be a bill before us embracing a different principle, a different policy and different provisions that will more readily provide for effective control of election expenses.

Perhaps it was not necessary for me to mention this aspect of the matter because it is clear, from the non-reference to it by the President of the Privy Council, that our amendment is not faulty on that point. It is an amendment offered by members who are opposed to the bill. We have stated some of our reasons for being opposed to it and we have stated our desire for a different kind of policy.

Speaking on the point the President of the Privy Council raised, I suggest that nothing would be more futile than for any member of the standing committee to attempt to achieve these changes by amending this bill in committee, because we would be told at once that those amendments run counter to what is laid down in the recommendation of the Governor General. I contend, therefore, that we have the right on second reading to say we are opposed to the bill, to give our reasons for that opposition and to bring forward a reasoned amendment. That, Sir, is what we have placed before you.

The Acting Speaker (Mr. Laniel): Order, please. Before I examine the procedural acceptability of the amendment, perhaps I should again read the amendment to the House:

That Bill C-211 be not now read a second time, but that it be resolved that in the opinion of this House the government should give immediate consideration to the presenting of a bill that will provide effective control over election expenses, by establishing reasonable limitations on the amounts parties as well as candidates may spend, and by providing for the full disclosure of contributions to political candidates and parties both at the time of and between election campaigns.

• (2050)

As it has been stated many times from the chair, reasoned amendments on second reading are among the most difficult of our parliamentary proceedings. In the past few years hon. members have sought to make greater use of such amendments and, indeed, have sought to go beyond the recognized forms—the six months' hoist or a reasoned amendment to second reading.

I wish to thank the two hon. members who contributed to the procedural debate; Points made by both participants are of interest and value. The President of the Privy Council (Mr. MacEachen) expressed the view that the amendment we are considering puts forward proposals which might be made in committee. The minister referred to citation 389 of Beauchesne to which I also refer.

The hon. member for Winnipeg North Centre (Mr. Knowles) referred to the limitations of the Governor General's recommendation, suggesting that the Chair by previous decisions had limited the possibility of going beyond the recommendation or the possibility of altering any of the proposals covered by the recommendation. The hon. member referred to citation 382 dealing with the subject of reasoned amendments—a citation which was used last Friday, I believe—under the terms of which an hon. member can put forward reasons for not agreeing to second reading of a bill.

That having been said, there are a few questions the Chair must ask in its desire to proceed in accordance with the practices of this House. The Chair has to decide on the procedural acceptability of the amendment. I find myself wondering at this point whether the amendment before us does in fact oppose the principle of the bill. I refer to citation 382 and shall read it to the House:

It is also competent to a member who desires to place on record his special reason for not agreeing to the second reading of a bill to move, as an amendment to the question, a resolution declaratory of some principle adverse to, or differing from, the principles, policy or provisions of the bill, or expressing opinions as to any circumstances connected with its introduction, or prosecution; or otherwise opposed to its progress; or seeking further information in relation to the bill by committee or commissioners—

[Mr. Knowles (Winnipeg North Centre).]

I have great doubts about this amendment and its effect on the bill. I am tempted to conclude that the amendment is not really opposing the principle of the bill. Although the hon. member in his speech said he could not accept the measure because it did not contain certain provisions, his amendment does not oppose the principle, the subject matter within the proposal before us.

I am wondering if what appear to be the reasons given by the hon. member in his amendment are proposals which might well be the substance of another bill. On the other hand, the President of the Privy Council has suggested that the proposals contained in the amendment could be put forward at the committee stage. The minister referred to citation 389 of Beauchesne where it is stated:

A motion opposing second reading of the bill must not anticipate amendments which could be moved in committee.

In that regard the hon. member for Winnipeg North Centre made a point as to the recommendation of His Excellency which in his mind set a limitation on the capability of the committee, or the House at a later stage, in accepting such amendments. In the opinion of the Chair, after looking at the recommendation attached to the bill, it is in general terms and would appear to be wide enough to permit hon. members to include the changes suggested in the amendment moved by the hon. member. Hon. members cannot, of course, expand the measure beyond the limits of the recommendation of His Excellency, but I do not see any limit on the possibility of providing for a restriction.

The arguments of the hon. member for Winnipeg North Centre, based probably on previous decisions, were to my mind more particularly concerned with moneys involving expenditure by the treasury. The precedents are quite clear on that point. When we are speaking of expenditure or appropriation of money, this limitation of course applies. But when it comes to the possibility of proposing amendments to a bill, it is my impression that the recommendation we have before us is wide enough to enable the committee to accept such amendments, although of course the Chair is not prejudging what could be done in committee.

• (2100)

In conclusion, basing myself on the point that I stressed at the beginning, that the amendment should clearly oppose the principle of the bill and that it might be anticipating at the same time amendments that could be made at the committee stage, I hold that the amendment cannot be accepted at this time.

Mr. Howard (Skeena): Mr. Speaker, I rise on a point of order. For clarification's sake, are you now ruling that it will be permissible at committee stage to move amendments revolving around the subject matter of the proposed amendment of my hon. friend from Winnipeg North Centre (Mr. Knowles)? Are you saying that we can do that in committee? Because if that is not what you are saying, we will have all sorts of difficulty in the committee, especially when members such as the President of the Privy Council (Mr. MacEachen) want to give their directions about opposing these moves. I think it would be just as well if you indicated what are our rights and prerogatives in committee.

The Acting Speaker (Mr. Laniel): I am sure that the point raised by the hon. member is a valid one, but I suggest that if he had listened closely to what I said—

Mr. Howard (Skeena): That is the problem; I did.

The Acting Speaker (Mr. Laniel): Order, please. I clearly said that I did not want to prejudge any decision that might be made by a chairman of the committee at the committee stage of the bill. The ruling that I as the occupant of the chair at the present time am making will have to be interpreted by other occupants of the chair. I would not wish the hon. member to ask the Chair at this time to pass judgment on any further decisions that may be made.

Mr. Howard (Skeena): I rise on another point of order then, Mr. Speaker, and ask whether you are now saying that the government can have it both ways.

The Acting Speaker (Mr. Laniel): Order, please.

Mr. Robert McCleave (Halifax-East Hants): Mr. Speaker, there is one point about this measure that bothers me and I should like to share my concern with hon. members of the House. The section that bothers me is headed "Political publications and broadcasts" and is clause 13 which is found at page 20 of the bill. The gist of this clause is that on an election day or the day before a person who publishes an article, editorial, advertisement or announcement of a partisan political character in relation to the election or by-election, as the case may be, is guilty of an offence against the act.

This is an attempt to bring into the publishing field something that exists in a slightly different way in the broadcasting field and I state categorically that this attempt is wrongly made. Instead of bringing this into publishing we should be kicking the other measure out of broadcasting. What evil is being cured by putting something like this into the law, which is a prohibition on reporting and comment? What evil is being cured, I ask; and is the remedy a greater evil than any situation in the past which the government feels should be corrected in the future by this sort of legislation?

First, I think there are safeguards in society today regarding what the government is trying to remedy here. I think the first safeguard is that by and large the press of Canada is a responsible press and that the newsrooms of Canadian broadcasting stations are staffed by responsible people. I think that is the biggest safeguard of all. It is the credibility of the press, radio and television that is really on trial, whether you are dealing with events occurring within 24 or 48 hours of an election or with events that occurred a long time before. The public either believes in the honesty and fairness of the press, radio and television or it does not. I do not think that this particular measure sanctifies the honesty of the press in any way. So that the ethics of the news profession is our main safeguard and it is, I suggest, the only safeguard that should be adopted.

The maturity of the electorate and their ability to know when they are being treated in a brainwashing or partisan way, or whether they are receiving objective reporting, is another safeguard. Within the last few days the Canadian press has sent forth through its subscribers a special report—I suppose it would be classified as an article within the meaning of proposed section 99(1)—in which it is said:

> The bill prohibits partisan political comment on any federal election day and on the day before voting, but sources in the Privy Council office say that this applies only to editorial comment and political advertisements in newspapers.

Why anyone should assume that this is what the law means is beyond me. Why somebody in the Privy Council office, who is not specified, should be the source of the interpretation of a poorly phrased paragraph in the legislation similarly is beyond me. In its editorial today the Toronto *Star* was able to take this contraption apart in a pretty effective manner. I will get around to the comment made by the Toronto *Star* in a few minutes, but the point I wish to make about the danger of prohibiting an article of a partisan political character is simply this, that you are in the field of value judgments and you may have to make a value judgment in extraordinarily difficult cases.

For example, it would be quite possible during the final moments of a campaign—not probable, but possible—if a demagogue were operating in the land, for all sorts of promises to be made by him which, if simply reported without any commentary or effort to examine their implications, might have an effect on the electorate and could not be checked in any responsible manner whatsoever. Indeed, if one used the ordinary democratic process of trying to get the truth across, the person who tried to answer would find that he might be breaching the law, and the person who was getting away with journalistic murder might find that he was being protected by the law. I think that if you have that sort of situation with regard to reporting in this country, then you have a pretty serious situation indeed.

You could use the example of something that happened during the last election, or something that people would remember happening—certain disturbances in the city of Montreal. How do you report that, under this particular measure? You are not supposed to report something of a partisan political character. One might very well say—indeed, I think a great many people did say—that the right hon. gentleman who is the Prime Minister of this country, in facing up to a certain situation showed very commendable qualities. If you said or portrayed that in any way, would you not in fact be reporting in a partisan political manner? I think this is capable of that sort of interpretation. The Toronto *Star* to which I referred earlier made this telling point:

• (2110)

> Besides restricting free speech, the clause is incapable of precise application. What exactly does "partisan political nature" mean? Is an editorial—or a letter to the editor—urging voters to support a particular party a "partisan" item? Would it be a breach to report a news story—for example a Statistics Canada release on the latest unemployment figures—that might hurt the government and help the opposition? Must a newspaper, before publishing an official announcement, examine it with a magnifying glass to make sure that it hasn't a possible political connotation? The courts would presumably be called on to answer all these questions, and until they did editors would be left in uncertainty as to what they could lawfully publish.

The wording of that clause and its implications bother me. If it is the general wish of the House that this sort of

thing be in the law of the land, I suggest they take a long look at the use of the word "article" because that word to me—and I have spent half my life in the news business of this country—would suggest news items. That being so, I suggest there would be a severe limitation on reporting in the final days or the last day of an election campaign.

Another point about this bill that bothers me is the prohibition of a time honoured practice of all of us in the House, the giving out of information as to places of voting. If we send out something purely for that purpose, we are guilty of an offence. I do not know what would happen thereafter, but you are guilty. This is one of the things I think is traditional on the part of candidates. This is a bond with the electorate and an attempt to be of service to the prospective voter. It is going simply too far to make an offence of an attempt to be helpful. If an attempt to tell some dear old lady that she votes at such and such a church hall is an evil intent, then this measure goes too far. I do not know why I should be subject to the wrath of God and the law of the land for trying to be helpful.

Another thing I do not like in the bill is that part which specifically prohibits advertising of a partisan political character on election day. In my part of the country, as I imagine in other parts, it is customary to put ads in the paper indicating transportation telephone numbers, numbers of party headquarters and other numbers in order that people can receive information. I do not see anything wrong with that.

Again, in my part of the country, and I think in other parts as well, political parties would be foolish if on the day of an election they bombarded the electorate with advertisements dealing with issues and the like. In most places I think there is maturity and parties and candidates let the issues settle themselves on the Saturday night or the Sunday before the election. Then on election day they put every sinew and muscle to work to help the people through the process of voting. The process of voting is still a frightening act for a good many people and one about which they are shy. Any inside or outside help given by agents and the like is very helpful.

The measures to which I have referred inhibit the proper discussion of issues as well as some of the sensible operations of a political party. I hope that when the bill reaches committee changes will be made in order to correct these matters.

[*Translation*]

Mr. Roland Godin (Portneuf): Mr. Speaker, Bill C-211 concerning election expenses covers quite a lot of ground and brings in several changes.

At first glance, one could say that it is an improvement over the existing act especially if, once it is passed, all candidates are placed on an equal footing and at the same time the people can find out who finances them.

We often hear that he who pays the piper calls the tune. The people will finally be able to see, at least in part, how the "old parties" run elections. Bill C-211 sets a ceiling on election expenses in ridings; however, the bill sets no limit on the parties' expenses on a nationwide basis.

I am pleased to support the hon. member for Winnipeg North Centre (Mr. Knowles) who goes as far as to say that this weakness in the bill will neutralize all its effects.

[Mr. McCleave.]

Mr. Speaker, considering the number of experts working for the government, it is obvious that what we have here in the bill is not a mistake nor an oversight but something that the government wished and wanted there.

I can hardly imagine a businessman controlling only 50 per cent of his staff or a manufacturer controlling only 50 per cent of his expenses; they would go backrupt before long. As things now stand, we can see they want to control only part of the election expenses. I believe politics is the only place where we can see such things. Nowhere else, in business or elsewhere, do such things exist.

Moreover, this bill is aimed at controlling election expenses in advertising and broadcasting. But there is no provision to limit or control expenses for renting halls or cars; there is no provision either to control the salaries of the thousands of persons that could be mobilized by a political party. There is no provision in the bill to control the time paid by corporations or unions.

Really, Mr. Speaker, trying to make us believe that a candidate who has obtained 20 per cent of the votes will get a reimbursement of 25 per cent of his election expenses is nothing else but bluff to me, since the bill does not even refer to the big election funds of the old parties. Should the bill be passed, nothing would oblige an insurance company, for instance, that would have paid $50,000, $75,000 or $100,000 to the Liberal or Progressive Conservative fund, to declare anything. In other words, this legislation will always allow a public corporation to contribute to election funds without being accountable to the public at large.

We admit that the bill features some suggestions made in the report of the Barbeau Committee on election expenses in 1966. However, we can realize that what we are being offered today is very little compared with what was provided in the Barbeau report. In fact, on page 21 of the bill, clause 99.1 (1) reads as follows, and I quote:

> In the period beginning on the date of the issue of the writ for a general election and ending on Saturday the second day before polling day, each broadcaster ... shall make available to the registered parties an aggregate of six and one-half hours of broadcasting time between the hours of six p.m. and midnight.

Under the control of the Canadian Radio-Television Commission, the party representatives should agree among themselves on allocation of time available, failing which the CRTC shall make a proposal for an allocation of time that will be binding if the registered parties make no objection.

Should any party object to the allocation of time proposed by the CRTC, the latter shall consult the party involved, change its proposal or simply confirm it after discussion, and its decision shall be binding on the party thus providing for compulsory allocation of time.

Mr. Speaker, we of the Social Credit party strongly oppose such a policy and, in our opinion, the allocation of time should be based on the principle of equality between the registered parties.

We believe that any registered party fielding enough candidates to form a government should have time allocated in proportion to their number.

At the present time, on the basis of past experience, we can say that if the bill before us is passed, according to

clause 99, the Social Credit Party of Canada will be unable to get more than half an hour of broadcasting time. I presume that I am not the only one to believe that this is blatant injustice.

• (2120)

Outside Parliament, in my opinion, all parties are equal. We do not work looking back on the past nor on the basis of the heavy majority of the party in power, but we keep the future in mind. The proof that all parties are equal at the dissolution of Parliament is that ten days after prorogation, we automatically lose several privileges which are granted to us as the people's servants.

When we leave Parliament, even if we remain elected members till the next election, we can no longer make telephone calls free of charge nor enjoy franking privileges.

We are all on the same footing when it comes to telephone calls and postage. This is why in my opinion the CBC should not serve a group more than another.

We know that the broadcasts will be allotted under the supervision of the CRTC. We must remember, Mr. Speaker, that these supervisors are friends of the government, that they have been hired and are paid by it.

I do not trust very much the impartiality of this group, and I dare suggest to the minister who is sponsoring the bill that he should move an amendment to clause 99.

The allocation I repeat, should be done not in favour of members who have managed to get elected at the previous election, but by taking into account the number of candidates running for each party.

Supposing that the Liberal party had 264 candidates and the Social Credit 225, in my view these figures could be used as a basis for a fair allocation of the time available to the parties.

In short I remain convinced that revealing the financing of parties is an improvement, provided there is not too much hypocrisy. But there again it will be really difficult for a party to prove complete honesty. As I pointed out, amounts emanating from large corporations will not necessarily be publicly revealed.

In short, as in most pieces of legislation, the litle people who contribute to election funds will again be singled out.

An insurance company doing business in a municipality, in a province, will subscribe to the fund without having its name revealed and at the same time the owner of the small corner store or the service station, the manufacturer who contributes a few hundred dollars will get talked about.

Mr. Speaker, I feel that it is childish to believe that reports will remain confidential as called for by the spirit of the legislation.

After all, in the province of Quebec, during every election campaign the same thing happens: we see that the list of welfare recipients always becomes available to the political organizers of the party in power, who use it for blackmail purposes. I suppose that the future list of contributors to election funds will be used for the same purposes, and the strongest will win.

If we speak of democracy, Mr. Speaker, action will have to be taken through better distribution of television broadcast time. Since I was a child, I have been hearing now and then that elections are often dishonest and I personally think that the people will keep on thinking so if no amendment is brought to the bill under which we would be granted only half an hour of television time out of a total of 6½ hours.

The public is entitled to the truth, Mr. Speaker, and if the Liberal party has nothing to hide, its representatives in Parliament should not be afraid to share the time alloted for these broadcasts in an honest way.

In clause 8 of the bill are listed the authorized election expenses and, as a matter of fact, one may read at page 14, and I quote:

> (2) The amount determined under this subsection in respect of an electoral district is the aggregate of
>
> (a) one dollar for each of the first fifteen thousand names appearing on the preliminary lists of electors for the electoral district;
>
> (b) fifty cents for each name in excess of fifteen thousand but not in excess of twenty-five thousand appearing on the preliminary lists of electors for the electoral district; and
>
> (c) twenty-five cents for each name in excess of twenty-five thousand appearing on the preliminary lists of electors for the electoral district.

Finally, for the Portneuf riding that has 66,000 voters, according to the 1971 census, the candidate of each of the four parties represented in the House would be entitled to expenses amounting to $37,500, which represents an amount much in excess of $100,000.

Mr. Speaker, I hope that during the coming election campaign, the candidates will spend freely and that the people will be spoiled a little. After all, it is merely a little of their own money that they will be getting back.

[*English*]

Mr. A. D. Alkenbrack (Frontenac-Lennox and Addington): Mr. Speaker, I am pleased to exercise the privilege of speaking in this debate on Bill C-211 to amend the Canada Elections Act and the Income Tax Act in respect of election expenses. The bill should read more appropriately, "to amend the Canada Elections Act and to allow aspirants to political office to dip into the public purse".

It is said that the bill if passed may not be used during the next election. I dare the government to make an issue of this legislation and go to the people for approval of it as it now reads. I believe if the government did so there would be an unfavourable reaction by the public. This bill affects the very basis and fundamentals of our democratic electoral system. At present, parties are given only limited recognition under our system. I understand they are to be given a little more recognition in the next election because the name of the party with which the candidate is connected is to appear on the ballot.

Since the parties so far are given only limited recognition under the system, this strengthens my statement that our elections system is the real basis of our democracy. The name of the nominated candidate is all that counts. Hon. members can look at the sides of their desks and see proof of that; their name only appears on the desk tag. I ask hon. members how they happen to be members of parliament. It is because of their own efforts, and also due

to the choice of the electorate on the day of the election. It is also due to the secondary circumstances of being a member of a particular political party. I often recall the words of a very respected town clerk in my native town of Napanee who in advising new council members said:

• (2130)

For many years I have listened to prospective candidates on nomination night saying that their friends had urged them to let their names stand for nomination in elections. Don't you believe a word of it. It is only the egotism and ambition of the individual that makes a man ask for nomination and for election.

That was true in the Napanee town council and all councils, and it is true in the House of Commons in Ottawa today. You raised yourselves up by your own bootstraps. Sometimes the party was a great help to you, and sometimes their help was a lesser factor. In 1968 Trudeaumania swept this country. It is not going to do so in 1972 or in 1973. There is every indication to back up the statement I have just made. Today's press carries headlines of million dollar bungles of the Trudeau government as shown in the Auditor General's report. Headlines also refer to parliament's control weakening.

A headline in a leading Liberal paper reads, "Who pays the bill for the flying PM?" All these headlines refer to a wasteful spending of the taxpayers' money by the Trudeau government. Today, instead of continuing with the budget debate, which would be the proper economic procedure, the government puts forward Bill C-211 that asks the House to condone and ratify more wasteful spending of the taxpayers' money by subsidizing the cost of candidates' campaigns from the public treasury. If that is not a waste of the taxpayers' money, then I have no business standing here and claiming to be the representative of the riding that elected me.

Although this bill has many clauses, I want to speak against it in only one respect at the present time. I oppose clause 11, that section which allows for the reimbursement by the taxpayer of candidates' expenditures. I heard my learned friend, the hon. member for Peel South (Mr. Chappell), who laboured conscientiously as chairman of the committee, tell the House that subsidies of candidates' expenses by the taxpayers would encourage men of small means to run for and be elected to parliament.

Does the government think that Parliament is the private preserve of the wealthy? Has the government taken a poll to find out what the individual wealth of our members is? I hope not, and I think not. I think that many of my predecessors were better endowed with this world's goods than I am. I have been through four elections, and this also applies to many of my contemporaries here. We are not too well endowed with this world's goods, yet we are here. I was elected each time, partly on borrowed money every cent of which, plus interest, I repaid later.

I am unalterably against the taxpayers of Canada and my constituents from Frontenac-Lennox and Addington paying any portion of my election expenses through legislation. Anyone who wishes of their own free will to cover part of my election expenses is welcome to do so and his contribution is appreciated, but to pass a law compelling people to subsidize the private political enterprise and ambitions of a candidate for parliament is something that I will not support.

[Mr. Alkenbrack.]

This scheme perpetrates more Marxist socialism, in the phony guise of liberalism, on the taxpayers of this country. It also encourages triflers and opportunists. Instead of strengthening the old, two-party system which has been well tried and found valuable in the past and which now in 1972 is the four-party system, because of Mr. Pearson's bad dream of recognizing parties with a minimum of 12 candidates, this law will encourage the formation of more parties, which we can well do without in this House. It will also encourage more independent candidates because it will put more hands in the public till.

I urge the government to refer this bill to the committee and to strike out clause 11, section 63.1. I wish to put it on record for all of Canada to see. It will probably also be put on the record by other hon. members who agree with my stand. This clause is a government amendment to the old act, as is shown by the black, vertical line on either side of the clause. It reads as follows:

This amendment would authorize the Receiver General to partially reimburse candidates at an election who are elected or who obtain a number of votes equal to 20 per cent of the number of votes cast in the appropriate electoral district. The amount of the reimbursement would be based on the candidate's actual election expenses or authorized election expenses, whichever is the lesser amount, and in the case of certain electoral districts, on the candidate's travelling expenses. In any case, there would be a minimum reimbursement in the amount of $250.

So almost without exception every candidate in every riding who received at least 20 per cent of the vote would be reimbursed to the extent of at least $250. It is too much for the Canadian taxpayer to bear this kind of illegitimate expenditure. He has enough responsibility paying our salaries and the salaries of the gigantic civil service, as well as all the expenses that go with federal responsibilities, without having to subsidize the campaign expenditures of political candidates. If we pass the bill the way it is now, it would put socialism right in the polling booths; and I predict that if it passes it will perpetuate a system of corruption the like of which Canadians have never seen.

Mr. Speaker, you might deduce that I am trying to be altruistic in my approach to this matter, but I ask you this question on behalf of the Canadian people: Why should any Canadian citizen and taxpayer be asked to subsidize any part of my election expenses? They did not personally ask me to run. They did not ask me to incur any election expenses.

Mr. Peters: Were you parachuted in?

Mr. Alkenbrack: Certainly not. In fact, many men have run for office in the past without incurring expenses. I realize that those days are gone. But it is not necessary to incur expenses to be elected, if you have the confidence of a sufficient number of people. Basically, according to the electoral principle, the democratic principle, it is not necessary to make expenditures to be elected. I know that this is not possible today, but a candidate must look after himself. No one forced him to run, and no one should be forced to help underwrite his campaign expenses.

There is another point that I wish to make. This bill stultifies and threatens democratic initiative on the part of candidates. I will recount some incidents that could take place if this law is passed. The scene is the average small town where the candidate and/or his party are hold-

ing a political meeting and they have paid the rent for the hall. The candidate is making a speech expounding the aims and policies of his party. He makes a remark that is not popular with the cross-section of the general public who are his listeners in the hall. Bedlam breaks loose at the back of the hall. A man stands up and says, "Shut up, Mr. Candidate. I won't let you say that here, because your candidacy is subsidized by the general public and I am a taxpaying citizen. You either shut up or get out."

• (2140)

The candidate answers the heckler, "With due respect, our party has paid the rent here tonight." The heckler then says, "So have I helped pay the rent, because my taxes help pay your election expenses." This shows how ridiculous and crazy has been the thinking of the government in the formulation of this bill.

There is another point which I wish to put forward. The chairman of the committee mentioned disclosure. Mr. Speaker, as long as there is coin of the realm in circulation, how can any candidate—especially since according to law he cannot handle money and all cash must be handled by his financial agent—disclose anonymous donations? How can any audit be successfully conducted? How can any audit be accurately conducted? Therefore the word of someone other than the candidate must be accepted. What kind of a charade would that be? Although I am critical of this bill, Mr. Speaker, I am one of the first to agree that election expenses are mounting beyond reason with every parliament. That is a result of the fierce political and electoral competition that is indulged in, and of the current inflationary spiral that has been generated by the Liberal party.

I would like to support the parts of the bill which sensibly limit expenditures in constituencies and that would tend to be fair and equitable in the allotment of radio and television time to the candidates of all recognized parties. But, again, I will not support any more free time on the airways, both radio and television, than has been granted in the past. This decision should be left to the existing T.V. authorities and the radio and T.V. stations. In other words, if my opponent has more money to spend on television than I have, we can just say that is my tough luck and let him spend it. In many cases it is not always the candidate whose face appears most frequently and for longer periods on television who wins an election. Sometimes the viewers get tired of this. Sometimes overexposure is the cause of a candidate's defeat. Anything beyond what has been granted in the past should be paid for by the canadidate and/or his party.

I have been critical of this bill. I am most concerned, as I said, about clause 11 which proposes a new section 63.1 and compels taxpayers to reimburse candidates' expenses. If it remains in the bill, I serve notice that I cannot and I will not support it.

Mr. Arnold Peters (Timiskaming): Mr. Speaker, this kind of bill gives the government an opportunity to do something that I had occasion to do once when negotiating a contract in a new plant. In such as case you look at all the other contracts around the country, pick out the best of everything, list which is the best one, the next best one, the one that is not so good and the one that is very bad, and deal with each section of the new contract, trying to get the best possible even if it is not with respect to the sections that are concerned only with money. I remember that in one contract I secured agreement on a five-week holiday after 15 years' service. The reason the company agreed to this was that it had been in operation for little over a year and the day of reckoning seemed far distant.

But what does the government do with this legislation? It has examined similar legislation in other countries. The Barbeau report indicates that a study was made over a number of years of legislation in other countries. The government has discovered some of the mistakes which other countries made. It has discovered that in countries where expenditures on behalf of a candidate are limited, a more democratic distribution of representation is possible and many abuses have been eliminated. Yet it comes before parliament after all this investigation and presents legislation with provisions that have proven to be deficient in other countries.

This bill is providing the very minimum possible. It is putting a timid foot in the door when really we should be dealing with legislation that would make the last speaker cry—legislation that would provide equality, that would eliminate the last vestiges of wealth being used to win elections. As the last speaker said, some 20 or 30 years ago it was possible to be elected because of one's position in the community. A man may have owned the local mill. He may have been the son of a man who had been a Member of parliament. He may have been the son of someone in the militia. He may have been a very rich person and on his name alone could be elected. However, during the limited time that I have been a member of this House I have noticed that members more and more must depend on their own ability and on their own initiative to retain their seats in this place. This is a trend that will continue. Those who are capable will probably be elected. The amount of money spent will not necessarily determine the outcome of an election.

Earlier this afternoon I made an offhand remark to a previous speaker in the debate, knowing that he was a very wealthy man. I asked what was he worried about, and quite righly he replied that during election campaigns he goes round and raps on doors. I know he does this, and it benefits him. That holds true in many ridings. I know that in my own riding on a couple of occasions the amount of money available to a candidate was detrimental to his cause because he had difficulty in spending all of it.

I am sure that many people who read the Barbeau report were surprised at the cost of elections. I was a little surprised. I have heard various figures used, but it was interesting to note that in the 1962 election the figures revealed a very sharp rise over all previous elections. The president of the National Liberal Federation, Senator J. J. Connolly, told *Maclean's* as reported at page 281 of the report of the committee on election expenses in 1966:

• (2150)

—the rise in costs "is not a matter of addition . . . but of multiplication." That article states that "the consensus in Ottawa" is that the campaign will cost at least $11 million, "about $3 million more than the estimate made for the 1958 election."

On the same page the report gives figures indicating that the cost of an election to the treasury was estimated at about $13 million and that "the last campaign, all told, will have cost about $32 million to Canada." Mr. Speaker, $32 million does not grow on trees. This statement gives the lie to some of the arguments to the effect that control of election expenses is not necessary. In 15 years, I have gone through five or six elections. In fact, elections were coming about once a year. This $13 million is a fixed expenditure by the government, and I think it is an indication that we will have to do something about election expenses not only from the candidate's point of view but from the point of view of political parties. To some extent, much more important to the general public is the $13 million that a general election costs the treasury.

Mr. Speaker, consideration should have been given to the establishment of a permanent voters' list in this bill. I am sure everyone will agree that the reason the government did not call an election for July is simply that they were aware it would be impossible, even with the expenditure that the government itself makes, to set up machinery that would function in the holiday period. I am sure that would have been true from the point of view of political parties and that the electoral officers in each area would have had considerable difficulty in running the machinery. An election in July would have been a calamity, in my opinion. I remember an election in August and there was considerable confusion about enumeration then. You had a list one day, but when you phoned the people about one-third were on holidays and another one-third were preparing to go. We should be considering the establishment of a permanent voters' list as a means of cutting down election expenses.

There obviously has to be control over political parties. I am only guessing, but I would say the nomination of a candidate in my riding recently cost as much, if not more, for newspaper and radio advertising than I would spend in a general election. I doubt very much that it was his own money, although it was very interesting that one of the candidates called it his nomination convention—it was not a Liberal convention, it was his. I understand that he received a sizeable amount of money from Ottawa and it was used for that purpose.

An hon. Member: A LIP grant!

Mr. Peters: I suggest that this is part of the problem. If we are not to control the contributions made to political parties, there is not much point in controlling the expenditures made on behalf of an individual.

Mr. Speaker, I can honestly tell this House how much was spent on my election because we had to raise the money. I can also state that the New Democratic Party works differently from some other parties because 20 per cent of the budget that we report for election expenditures goes to our provincial office. It is then distributed in some way in other ridings, so that for every thousand dollars raised 20 per cent or $200 has to go to the provincial office. The more you raise, the more the provincial office gets. Of course this system has disadvantages as well.

Knowing exactly how much was raised and how much was spent in my riding, I still cannot be sure how much the party would contribute to my election in terms of national newspaper advertisements, in efforts made simply by allowing the $200 deposit in some ridings where it is difficult to get a candidate with $200 of his own. I do not know what the benefit to me may be in those circumstances, but there is some. There are advantages and sometimes disadvantages too, because you are not just running in a local campaign but have interference from other areas.

This matter of honest representation, it seems to me, will be more readily accomplished if we arrive at equality on the basis of the number of voters represented, the fee to be paid by the government, the allowance to be made for expenditures on T.V. and radio and establish a quota so that everybody participates equally. It is my opinion that it will not then be the coffers of the political party which will benefit; it will be the candidate chosen on the basis of equal expenditure and equal opportunity.

Mr. Speaker, other countries have looked at this matter very carefully. They have found and corrected the loopholes. If we had a government that really believed in equality, it would be trying to get the best legislation possible, not the least legislation from which they can get political gain. Using the title of this bill as a form of control of election expenses is dishonest. The bill does not do that. It puts certain limitations on the expenditures of candidates, but in my opinion it does not limit expenditures for elections and it does nothing to correct many of the abuses inherent in the present system.

This is new legislation. If the government wished, it could pick out the best sections of legislation across the country and surprise the Canadian people by accomplishing now what will likely be accomplished in 10 or 15 years. The government is always amending, always bringing in something that should have been presented in the initial stages of legislation. Mr. Speaker, surely the government will one day have enough backbone to introduce the kind of legislation that many people in this country will oppose because it does not suit their selfish ends but which will be applauded by everyone who looks at it in a non-partisan way as being the best legislation which will do most for the process of our democratic machine in Canada.

Mr. Drury: New Democratic machine.

Mr. Peters: Mr. Speaker, may I call it ten o'clock?

• (2200)

PROCEEDINGS ON ADJOURNMENT MOTION

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

GRAIN—RAPESEED—LAYING OF CHARGES BY WHEAT BOARD AGAINST CERTAIN FARMERS FOR OVERDELIVERY—REQUEST FOR GOVERNMENT INTERVENTION

Mr. R. N. Thompson (Red Deer): Mr. Speaker, I bring before parliament tonight a situation which involves

between 1,300 and 1,400 western farmers who are being brought before the courts at the initiative of the Canadian Wheat Board for breaking the laws of Canada. Rapeseed growers market their product under contract to Western Canadian Seed Processors in Alberta and to other similar processing plants in Manitoba and Saskatchewan which within agreed and authorized limits purchase the farmers' rapeseed production.

Specifically I refer to a farmer named William Reid Thompson, not related to me, who farms in the community of Olds, Alberta. On March 3 he was issued with delivery authorization No. 2959 by Western Canadian Seed Processors in the amount of 900 bushels. On March 9 he had delivered 388 bushels of rapeseed to the Western Canadian Seed Processors' plant at Lethbridge, some 200 miles away, that delivery being part of a truckload. His Canadian wheat permit No. 0088947163, had previously been delivered to the Western Canadian Seed Processors' plant.

The Canadian Wheat Board had allotted him 60 quota acres which amounted to 1,200 bushels of rapeseed. However, his delivery amounts had not been entered into the permit book because a representative of the Canadian Wheat Board had seized his permit book from the office of Western Canadian Seed Processors' plant; thus he had not been informed of the amount still deliverable under his quota. The 388 bushels delivered on March 9 turned out to be 104.8 bushels in excess of his quota.

On April 10 the Canadian Wheat Board mailed to Mr. Thompson a duplicate of his permit book, informing him for the first time of the amount delivered against the permit book and also informing him of the 104.8 bushels overdelivery. On May 3 Mr. Thompson received a summons instructing him to attend court on Thursday, May 18, he having been charged with delivering 104.8 bushels of rapeseed in excess of the quota established by the Canadian Wheat Board. The trial has been held over until June 1 at the request of the plaintiff.

This is a ridiculous, intolerable and illogical situation, Mr. Speaker.

Mr. Dinsdale: Hear, hear!

Mr. Thompson: This farmer, along with hundreds of others, entered into a contract with Western Seed Processors Ltd. The farmers have been told to find crops alternative to wheat and barley. Many have done so by growing rapeseed, as did this particular farmer. They have also found their own market. Their delivery authorization is based on the home market available for oil products. They did not ask that rapeseed be included under the authority of the Canadian Wheat Board, nor were they consulted about it.

Is it not unreasonable in the extreme that now these farmers must be penalized under a control system which does not realistically apply to this type of enterprise? This is a situation in which a federal government agency, under a policy developed by this bureaucratic administration, is advising farmers of this country to grow certain products, controlling when and how to sell them, and then the farmers are treated like common criminals when they defend their right to market a farm-grown product for which they themselves have found markets.

Every bushel of rapeseed which is processed through seed processing and crushing plants is used for domestic consumption. The quotas imposed by the Wheat Board are restricting their production. There is an estimated carryover of between 40 million and 50 million bushels of rapeseed from last year's crop. Yet every bushel of this amount which can be used on the local market reduces the amount of this carryover.

Mr. Speaker, why are quota restrictions placed on rapeseed that is used for home consumption? The Wheat Board does not do any rapeseed marketing. It is exercising control only over the delivery system. The Minister of Agriculture (Mr. Olson) and the Minister responsible for the Canadian Wheat Board (Mr. Lang) say that this is necessary. It could be necessary for rapeseed which is sold directly on the export market, but it is certainly not necessary for that used in home consumption. I am talking about the quotas for farmers. Strangely enough, there is no quota on sunflower or mustard seed or on soybeans, the latter being imported to this country from the United States and the oil of which is used for making vegetable oils. Is this justice in a just society? Farmers also must now plan what they are to grow next year, and they don't know what to sow. Rapeseed does not enter the elevator system, nor does it take up space at terminals. It does not require rail cars or use railway facilities; it is trucked directly to the plant on an agreed contract basis.

Last May when we dealt with legislation which would make it possible for flax, rye and rapeseed to be brought under the Canadian Wheat Board the minister, answering protests from this side of the House, said that the government did not plan any action toward bringing the marketing of rapeseed, flaxseed and rye under the control of the Canadian Wheat Board at that time. He went on to say in a press release dated May 11:

> I repeat, the government has no immediate plan to change the marketing system for these grains. And I assure producers that before any such change is contemplated there will be thorough discussions with everyone involved.

Now, without any reference to farmers, without any consultation and without their even being informed, one of the grains at least has been brought under the control of the Wheat Board, even that which is to be used in the home market and which has been a source of cash for the farmer. In a bureaucratic way, the government is interfering with the diversification of crops.

It seems to me that if there is any justice left in this country, if there is any sense of responsibility or honesty left in the government, it must instruct the Wheat Board to drop these charges and work out an equitable system with the farmers themselves. To allow this case and 1,400 similar cases to proceed through the courts, treating these farmers as criminals, is wrong.

Mr. Albert Béchard (Parliamentary Secretary to Minister of Justice): Mr. Speaker, this is only one aspect of the larger question of quota deliveries to the oilseed crushers which we are currently reviewing. However, I should like to point out that there have been no prosecutions under the Criminal Code.

Mr. Thompson: They were summonsed under the Criminal Code. He was brought to court under it.

Mr. Béchard: The administration of quotas is the responsibility of the Canadian Wheat Board, which has to see that all producers receive equal treatment as far as possible with regard to the enforcement of the quota regulations. Any action which is taken by the board is therefore within the terms of its responsibility. I am sure all hon. members would wish the administration of the quota system to be as fair as possible and that no producers be allowed an unfair advantage over others in this respect.

EXTERNAL AFFAIRS—PROPOSED NUCLEAR TEST BY FRANCE—SUGGESTED GRANT TO "GREENPEACE III".

Mr. Mark Rose (Fraser Valley West): I rise tonight to speak on a subject of the utmost seriousness. Without attempting to sound too pompous, I believe that if mankind does not soon put an end to nuclear proliferation and the testing of nuclear weapons, all the national problems which we endlessly debate from day to day will pale into insignificance.

Mr. Gleave: Don't you know that Nixon is over there discussing these things?

Mr. Rose: We have witnessed the progress of the SALT talks. Yes, as my hon. friend from Saskatoon-Biggar (Mr. Gleave) reminds me, there is some reason for at least limited satisfaction in the fact that United States President Richard Nixon is currently in the U.S.S.R. and that the leaders of the two countries are attempting to exercise some restraint in the area of nuclear proliferation and initiate some kind of nuclear hiatus. What concerns me tonight is the proposed atmospheric test planned in the South Pacific for mid-June, 1972. France and the People's Republic of China are both nuclear powers and have indulged in testing, but neither of them is a signatory to the non-proliferation treaty.

Mr. Speaker, the national origin of nuclear contamination makes no difference to me or to anybody else; the horrors are identical, regardless of the source of the contamination. Experts on human environment have informed us that the somatic effects of radiation can cause malignancy even at present levels and that genetic alteration may occur generations later. It is clear, therefore, that continued testing must be resisted vigorously and resolutely, not just for the sake of those who happen to be alive in the world today; we must engage in a pact with the yet unborn which will protect our grandchildren from afflictions brought about by the obscenities of irresponsible bomb detonation today.

• (2210)

It is for these reasons—indeed, these are the basic reasons that I entered politics—that I am so persistent in my opposition to nuclear testing. It is why I raised various questions yesterday with the Secretary of State for External Affairs (Mr. Sharp) and also with the Prime Minister (Mr. Trudeau). Why, I ask, should not the government of Canada participate in funding the *Greenpeace III* voyage of protest? Its objective is four-square within Canadian government policy. Besides, many people point out that we are giving away millions of dollars for almost everything else. It seems to me that this would be a very healthy cause, and I regret that the Secretary of State for External Affairs declined my request.

Why, I also ask, should not the Prime Minister wire a message of congratulation and encouragement to *Greenpeace III*, as he did to the Amchitka-bound *Greenpeace II*? As head of our country—whether I support him and his party or not—his support and his prestige of office would carry a tremendous clout in terms of world opinion.

In conclusion, Mr. Speaker, the Secretary of State for External Affairs and the Minister of the Environment (Mr. Davis) are planning to attend the Stockholm conference on human environment to be held June 5 to 16. Whether nuclear testing is a major agenda item or not, I do not know; but would it not be ironic if, while the diplomats were discussing the world's environmental transgressors, at the same time the government of France saw fit to explode an atmospheric test in the Pacific? It is my hope and plea that if nuclear testing is not a major agenda item, Canada's delegation will make it so during this particular conference by intransigence, filibustering—anything that is necessary. Then my daughter and the Prime Minister's young son will be able to look forward to growing up in a world free from added nuclear contamination.

Mr. Bruce Howard (Parliamentary Secretary to Minister of Industry, Trade and Commerce): Mr. Speaker, as a Canadian, and particularly as a British Columbian, I am as concerned as the hon. member for Fraser Valley West (Mr. Rose) over the forthcoming nuclear test scheduled in the Pacific. I agree that it is a deplorable situation and I assure him that the government of Canada and the people of Canada share his concern. A great many private individuals in Canada share the common objective of trying to persuade the French government and any other government to desist from carrying out this kind of nuclear testing.

As the Secretary of State for External Affairs (Mr. Sharp) said on May 10, the government has made formal representations to the French government expressing its opposition to these nuclear tests—indeed, we oppose tests by any nation—in all environments but particularly in the atmosphere. Our representations called upon the French government to reconsider its plans for a new series of tests in the South Pacific. Representations of this kind are employed by governments to convey their views on matters of great importance only. The question that has been raised is whether direct government support for the Greenpeace foundation or any other private body of citizens is likely to increase the total impact of these representations.

What is striking about the action of the Greenpeace foundation and about the large number of letters which I understand have gone from Canadians to the government of France is that these representations have been made spontaneously as expressions of opinion of individuals who feel strongly enough to make their views known. They have felt so strongly they have been compelled to take some direct action. If the government of Canada were to give its formal endorsement and particularly its financial backing to the Greenpeace foundation, then it might be thought, however unfairly, that this private

organization was in some way acting as a mouthpiece for the government of Canada.

Look at it another way. Official government representations will carry more weight if they are accompanied by clear indications that they are genuinely supported by independent, national public opinion—and this is the position of the government. We do not wish to dilute either the official representations of the government of Canada or the unofficial representations of those who take this matter so seriously.

NATURAL RESOURCES—OFFSHORE MINERAL RIGHTS—STATE OF NEGOTIATIONS WITH NOVA SCOTIA

Mr. Elmer M. MacKay (Central Nova): Mr. Speaker, last week, as I have on other occasions, I asked the Prime Minister (Mr. Trudeau) about the status of negotiations regarding the provincial and the federal government's offshore mineral rights. This was of particular interest to me because it was one of the first topics I pursued when I came to this place last year. The Prime Minister's answer was that he did not understand the question. This is probably because there was some bedlam in the House at the time. He did state that he understood it had to do with offshore mineral rights and that the matter was being dealt with by the Minister of Energy, Mines and Resources (Mr. Macdonald).

I thought the House might be interested in this topic because it is now almost one year since the hon. member for Gander-Twillingate (Mr. Lundrigan) and I raised the issue with the Prime Minister on his return from the Victoria conference. His answer at that time was that the government was still waiting for answers from the provinces to the plan it put to them more than a year before. This was in respect of possible negotiations regarding offshore mineral rights. It is obvious that at least two years have elapsed without anything constructive being done. This is a graphic illustration of this government's failure to come to grips with an extremely vital issue. I sincerely hope the bickering and ill will which characterized these negotiations on the west coast of our country will not be carried on as far as current negotations are concerned with Nova Scotia and other Atlantic provinces.

In the "Journal of Canadian Studies", Mr. Neil Caplan deals fully with this subject. In an article entitled "Offshore Mineral Rights: Anatomy of a Federal-Provincial Conflict" we find an excerpt headed "Negotiation and Deadlock". The author points out that Arthur Laing, who is from British Columbia as this House knows, the then minister of northern affairs and natural resources, conducted negotiations with Mr. Kiernan, provincial minister of mines and petroleum resources as far back as July 26, 1963. In October 1964 there was a federal-provincial conference which tried to reach a solution. But this also failed, so the matter went to the Supreme Court of Canada despite the sincere wishes of both the federal and provincial governments that some other course of action might have been taken.

On November 7, 1967, the Supreme Court of Canada in a judgment found in favour of the federal government, and legally at this time the mineral rights off British Columbia belonged by definition to the government of Canada. I say that politically nothing has changed. The province of British Columbia is still bitter and unsatisfied and has changed its position by saying that perhaps legally the offshore mineral rights belong to the federal government, but equitably the federal government is obliged to dispose of them to the provinces under a fair type of arrangement.

On December 2, 1968, the present Prime Minister outlined a proposal in which he developed a concept of mineral resource administration lines which would be drawn to distinguish between submerged lands, to be administered federally seaward of those lines and provincially landward of those lines. The provinces would retain the revenue derived from their zones and the federal government would place in a national pool all revenue from its zones, half of which would be available to the provinces and divided among them on the basis of any financial arrangement which the provinces could agree upon.

• (2220)

I suggest, with respect, that this is an abdication of federal responsibility. In effect, the government is saying it will take half and the others can fight over what is left. Since this proposal was made, negotiations seem to have stalled. In my opinion this is a very serious situation. It should be pointed out that Nova Scotia entered confederation as an original partner. It came into the union with a long history of jurisdiction over territorial waters. Canada and France also have a dispute over offshore jurisdiction. Both countries have issued exploratory permits for the same area. This situation exists in Nova Scotia where oil companies are receiving from the federal and provincial governments rights to explore.

Perhaps the whole issue may be solved if and when a more precise and comprehensive Law of the Sea is agreed upon by an international tribunal or committee. In the meantime, despite the bungling or bumbling of governments the oil companies continue to obtain cheap exploratory rights on a duplicate basis. But this situation will not continue for very long because royalties are another kettle of fish and the oil companies will not pay revenues of this type on a duplicate basis. They are simply too expensive. I suggest that once an oil find is confirmed, as we hope it will be, in commercial quantities the pressure will be on in more ways than one.

I believe it would be extremely fortuitous and, to be colloquial, nice for once if the government of Canada would act instead of react and at least keep this House and the people of Canada informed of its posture, whether there will be meaningful co-operation and an equitable settlement in respect of this particular issue, and whether it will deal on an equal basis for once with a part of Canada which lately has received very little from confederation.

Mr. James Hugh Faulkner (Parliamentary Secretary to Secretary of State): Mr. Speaker, as I understand it, the hon. member's original question asked what had resulted from discussions among the provinces and the federal government in respect of offshore rights. The simple answer is that the premier of the province of Quebec and the premiers of the Atlantic provinces will hold a meeting in June to discuss their position with respect to the latest federal offer in connection with off-shore rights. In our view, the intitiative at this stage is clearly to be taken by the provinces.

Motion agreed to and the House adjourned at 10.25 p.m.

HOUSE OF COMMONS

Friday, May 26, 1972

The House met at 11 a.m.

ROUTINE PROCEEDINGS

[*Translation*]

TRANSPORT AND COMMUNICATIONS

Third report of Standing Committee on Transport and Communications, in both official languages—Mr. Lessard (LaSalle).

[*Editor's Note: For text of above report, see today's Votes and Proceedings.*]

CONCURRENCE IN FIRST REPORT OF STANDING COMMITTEE

On the order: Motions. March 16, 1972—Mr. H.-Pit Lessard (LaSalle):

That the First Report of the Standing Committee on Transport and Communications, presented to the House on Thursday, March 16, 1972, be concurred in.

Mr. Lessard (LaSalle): Mr. Speaker, with leave, I move that the motion be withdrawn.

Mr. Speaker: The hon. member requests unanimous consent to withdraw his motion. Is it agreed?

Some hon. Members: Yes.

Mr. Speaker: Agreed.

The motion is withdrawn.

• (1110)

[*English*]

ORAL QUESTION PERIOD

FINANCE

REASONS FOR RESIGNATION OF CHAIRMAN OF ANTI-DUMPING TRIBUNAL—REVIEW OF CASES SINCE 1970

Hon. George Hees (Prince Edward-Hastings): Mr. Speaker, I have a question for the Prime Minister. Can the Prime Minister advise the House whether Mr. William W. Buchanan, chairman of the federal anti-dumping tribunal, has resigned his position?

Right Hon. P. E. Trudeau (Prime Minister): Yes, Mr. Speaker. I received the gentleman's letter of resignation several days ago.

Mr. Hees: Has he tendered his resignation because of a conflict of interest in carrying out his duties?

Mr. Trudeau: There is no mention of that in his letter, Mr. Speaker. It was just a simple letter of resignation. I would be happy to table it in the House if it is so desired.

Mr. Hees: Would the Prime Minister check into this matter and advise the House on Monday whether Mr. Buchanan has resigned because of conflict of interest in carrying out his duties? Would the Prime Minister also advise the House, either now or on Monday, whether, in view of the revelation of what took place in respect of the anti-dumping case in 1970 involving the Canadian Pittsburgh Glass Company, the government has decided to review any other anti-dumping cases which have arisen in the intervening period?

Mr. Trudeau: I can certainly look into the latter matter of whether any other case is being reviewed. My present knowledge is that no other case is being reviewed. That is the only one. On the former aspect, I do not see how I can satisfy the hon. member. The gentleman resigned and I accepted his resignation. The reasons for which he resigned are for him to state and they are stated in that letter.

Hon. Marcel Lambert (Edmonton West): Mr. Speaker, my question is to the Minister of Justice. Will he advise whether he has instructed the director of prosecutions or any official of his department to place the file concerning the chairman of the anti-dumping tribunal before the federal court? If so, does he intend to make any statement with regard to the whole matter or will this be left to the Prime Minister in a subsequent statement?

Hon. Otto E. Lang (Minister of Justice): Mr. Speaker, the whole question is, of course, the subject of investigation and examination. The only action which has been commenced to this point is action instituted at my direction before the federal court to challenge the decision of the anti-dumping tribunal in the one specific case.

Mr. Speaker: The Chair will recognize the hon. member for Halifax-East Hants for a final supplementary on this subject and then recognize the hon. member for York South.

* * *

PUBLIC SERVICE

INQUIRY AS TO COMPLETION OF STUDY OF CONFLICT OF INTEREST GUIDELINES

Mr. Robert McCleave (Halifax-East Hants): Mr. Speaker, I have a related question for the President of the Privy

Council. I asked a question earlier this week in his absence concerning the conflict of interest study of the public service of Canada being carried out at a high level. Has that study now been completed and will it be made available to the public?

Hon. Allan J. MacEachen (President of the Privy Council): Mr. Speaker, studies of the question of conflict of interest have been going on in my office, part of which have been completed. There are other phases to the study of conflict of interest and there is the question of whether the report should be made available in piecemeal fashion or in totality. However, I will be happy to consider the matter in view of my hon. friend's representations.

* * *

INDUSTRY

MICROSYSTEMS INTERNATIONAL—DEFENCE INDUSTRY GRANT—POSSIBILITY OF LOSS OF JOBS IN CANADA BECAUSE OF CONSTRUCTION OF ASSEMBLY PLANT IN MALAYSIA

Mr. David Lewis (York South): Mr. Speaker, I should like to ask the Minister of Industry, Trade and Commerce one or two questions regarding Microsystems International which I have raised on previous occasions. In view of the fact that Microsystems has been offered about $31 million or there has been a commitment of that sum under the defence industry program, of which amount $8.1 million has already been paid, I should like to ask the minister whether he knows or his department has been informed about the building by Microsystems International of an assembly plant in Malaysia and whether any of the work that should have been or might have been done here will be done in Malaysia in the new plant of this organization.

Hon. Jean-Luc Pepin (Minister of Industry, Trade and Commerce): Mr. Speaker, I do not have the answer to that additional question this morning but I may answer the previous questions which were posed. The hon. member referred to lay-offs at that time by Microsystems. My information is that there have been no lay-offs at Microsystems since December, 1971, nor are there liable to be as sales are increasing at this time.

He questioned me also on the monitoring of research and development funds provided by my department. This is indeed being done very closely, and careful consideration is given to all expenditures of government funds to ensure optimum returns to Canada. I might add that last year 78 per cent of sales of Microsystems were to Northern Electric, but this percentage is decreasing as overseas sales in particular expand. My friend may have seen the recent agreement between Microsystems and some Japanese companies. Losses are also decreasing and cannot be attributed to their sales to Northern Electric. These losses are start-up costs.

Mr. Lewis: I am grateful to the minister for his answer to my question the other day. I should like to ask him whether he would undertake to look into this proposition of building a plant in Malaysia in view of the fact that my information is, if it is accurate, that the production of the

conductor is not labour intensive whereas the assembly is labour intensive. Could the minister look into the question of whether it is the intention of the company to have the assembly done in the Malaysia plant, which would obviously mean a loss of Canadian jobs?

Mr. Pepin: I will look into it indeed, but as a matter of principle I think we must not accept the idea that Canadian companies should not establish elsewhere in the world to produce what they already produce in Canada because often this is the only way to penetrate foreign markets, sometimes with Canadian content.

Mr. Lewis: I appreciate that and I am not suggesting we should stop it. In view of the fact that the research and development are being carried on with public funds given this company under DIP, is the minister suggesting there is not some responsibility to make sure that the jobs are retained in Canada?

Mr. Speaker: Order, please. That is obviously a point of argument between the minister and the hon. member.

* * *

[*Translation*]

UNEMPLOYMENT INSURANCE

QUEBEC—CONTRIBUTIONS OF SEASONAL EMPLOYEES—AGREEMENT BETWEEN FEDERAL AND PROVINCIAL AUTHORITIES

Mr. Gérard Laprise (Abitibi): Mr. Speaker, I wish to ask the right hon. Prime Minister a question.

Could he advise us whether the federal and the Quebec governments have come to an agreement as to the payment of contributions by Quebec government seasonal employees to the Unemployment Insurance Fund?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I do not know the answer to this question, but I shall be pleased to refer it to the Minister of Manpower and Immigration under whose jurisdiction this matter comes.

* * *

[*English*]

IMMIGRATION

CIRCUMSTANCES OF ADMISSION OF PERSHING GERVAIS TO CANADA—REQUEST FOR TABLING OF ORDER IN COUNCIL

Mr. G. W. Baldwin (Peace River): Mr. Speaker, I should like to ask the Prime Minister a question in connection with the case of Pershing Gervais, alias Paul Lee Mason. I note that his ministerial permit has now been revoked since I brought this matter up several days ago in the House. I want to ask the Prime Minister a question with regard to the terms of the admission of this man into Canada. I have in my hand the record of minister's permits showing that Paul Lee Mason and his family were admitted to Canada pursuant to section 5(d) of the Immigration Act. In view of the fact that this section provides that people who have been convicted of a crime involving moral turpitude can only be admitted to Canada pursuant

to an Order in Council, will the Prime Minister file the Order in Council under the terms of which this man was admitted to Canada?

• (1120)

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I am not at all informed about this matter except to the extent that the Minister of Manpower and Immigration told me yesterday that he would handle it in the House if questions were asked of him. I am sorry the hon. member did not think of asking a question yesterday when the responsible minister was here.

Mr. Baldwin: On that point, Mr. Speaker, I gave the Prime Minister, or the minister, until the weekend to make a statement and he did not see fit to do so. However, I would ask this supplementary question. In view of the fact that officials of the Department of Justice in Washington are alleged to have stated to representatives of Canadian newspapers today that for the last two years Canada and other countries have been used as a haven for people of this character in at least 50 instances, through the medium of United States corporations with subsidiaries in Canada, will the Prime Minister ask the Minister of Manpower and Immigration, because of these serious allegations, to make a further investigation and a full statement to the House?

Mr. Trudeau: Mr. Speaker, I am very grateful to the hon. member for having given me to the weekend to make a statement. I will give him a few more days to ask the minister the question when he is in the House.

* * *

LABOUR RELATIONS

LONGSHOREMEN'S STRIKE, MONTREAL—INTERVENTION OF DEPARTMENT OF LABOUR TO ACHIEVE SETTLEMENT

Mr. Warren Allmand (Notre-Dame-de-Grâce): Mr. Speaker, I have a question for the Acting Minister of Labour, but I am not too sure which minister is the acting minister. Since this is the eleventh day of the wildcat strike in the port of Montreal and considerable losses are being incurred, would the minister tell us whether the government has made contact with the parties and whether anything is being done to settle this strike?

Mr. Speaker: Apparently the matter is being considered by an acting minister. While this is being done the Chair will recognize the hon. member for York-Sunbury.

* * *

NATIONAL DEFENCE

ALLEGED DISPLACEMENT OF CERTAIN CIVILIAN EMPLOYEES BY STUDENTS UNDER OPPORTUNITIES FOR YOUTH PROGRAM

Mr. J. Chester MacRae (York-Sunbury): Mr. Speaker, my question is for the Minister of National Defence. However, in his absence on government business I shall direct it to the President of the Treasury Board. Is the minister

aware that several hundred civilian employees of the Department of National Defence across the nation, many of whom are veterans and many of whom are married men with families, are being laid off at the present time and being replaced by students under the Opportunities for Youth program? Further, if the answer is in the affirmative, what does the government plan to do about this deplorable situation?

Hon. C. M. Drury (President of the Treasury Board): Mr. Speaker, on behalf of the Minister of National Defence may I say I am not aware of this but I will certainly cause inquiries to be made.

Mr. J. M. Forrestall (Dartmouth-Halifax East): Mr. Speaker, would the President of the Treasury Board, in making his colleague, the Minister of National Defence, aware of this situation, also consult other members of the government with a view to ensuring that these several hundred long-term, in many cases, non-permanent employees do not suffer as a result of the opportunities for youth program?

* * *

SHIPPING

PROVISION OF SHORE-BASED NAVIGATIONAL CONTROL SYSTEMS FOR SHIPS USING STRAIT OF JUAN DE FUCA AND ADJACENT WATERS

Mr. Thomas S. Barnett (Comox-Alberni): Mr. Speaker, I have a question for the Minister of Transport which arises in part from a report that what is described as the largest tanker ever to have visited the waters of the state of Washington has come to Esquimalt for propeller inspection after delivering oil to Cherry Point, Washington. Can he advise the House what steps are under way to establish shore-based navigational control systems in the Strait of Juan de Fuca and adjacent areas on the Pacific coast?

Hon. Donald C. Jamieson (Minister of Transport): Mr. Speaker, if the hon. member would give me time I would be glad to give him a written reply. The answer is quite lengthy. In the interim I might say that something is being established comparable to the installation at Chedabucto Bay on the east coast which is regarded by many as the most modern in the world. However, I would like to get a full written report for the hon. member on the navigational aids in this whole area.

* * *

INDUSTRY

AUTOMOBILES—ACTION TO OFFSET EFFECTS ON INDUSTRY OF OPPORTUNITY FOR CANADIANS VISITING UNITED STATES TO PURCHASE CARS AT LOW PRICES

Mr. S. Perry Ryan (Spadina): Mr. Speaker, I wish to direct a question to the Minister of Industry, Trade and Commerce. As the program of the United States Chamber of Commerce known as "Tour America" intends to use DISCs to sell cars to visiting tourists at special low prices, particularly if they take them home with them, and as

Canadians are the most likely buyers under this program, what does the government intend to do to prevent adverse effects on our automotive industry?

Hon. Jean-Luc Pepin (Minister of Industry, Trade and Commerce): Mr. Speaker, the opinion of my department is that the imposition of tariff on the cars when they are returned to Canada would eliminate any gain to be made by buying in the United States. That is the general proposition. The company itself has made a number of observations on this subject to my department but, being very careful these days in these matters, I have asked that these observations be cleared before I use them in the House.

Mr. Ryan: Do I understand that the automotive manufacturers in the United States have stated that they will not use this program with respect to Canada?

Mr. Pepin: No, Mr. Speaker. I refrained from saying anything on that subject for obvious reasons, but I have said that the opinion of my department is that the imposition of the tariff, which is 15 per cent, would eliminate any advantage to be gained by Canadians using this device while travelling in the United States.

Mr. Ryan: As the 15 per cent would then be on used car value, would there not still be some incentive to Canadians—

Mr. Speaker: Order, please. That is debate. Is the hon. member for Broadview rising on a supplementary?

Mr. John Gilbert (Broadview): Yes, Mr. Speaker. Would the minister consider endeavouring to obtain parity of prices between American and Canadian cars in order to avoid this problem?

Mr. Pepin: Mr. Speaker, my friends in the NDP, as usual, have so many objectives; they would like to see lower prices in Canada than in the United States, more employment, more parts produced in Canada, for exports, freer trade and better safeguards. I suggest that they should establish priorities.

* * *

TRANSPORT

MARITIME PROVINCES—REQUEST FOR STATEMENT ON POLICY

Mr. Robert C. Coates (Cumberland-Colchester North): Mr. Speaker, my question is directed to the Minister of Transport. A short time ago in the House the minister indicated to me that he would be making a statement when he appeared before the transport committee with regard to transportation problems in the Atlantic provinces. I noted in his statement yesterday that he did make some reference to ferry situations in the Atlantic area. Will he be making a more general and all-embracing statement regarding Atlantic provinces transportation policy?

Hon. Donald C. Jamieson (Minister of Transport): I would hope so, Mr. Speaker. On Tuesday of next week I am meeting with the Atlantic Provinces Transportation Council at their annual meeting. Subsequent to that it may be that I will have something to say, either in answer to questions or in statement form. Yesterday I tabled a copy of the earlier speech I made on the subject, but after next Tuesday I may have something further to report.

Mr. Coates: It was my understanding that the council was to make an annual statement. Will that statement be made regarding transportation policy at this meeting next week?

Mr. Jamieson: Yes, Mr. Speaker, I hope it will not be considered a breach of the privileges of the House when I say that I propose to indicate to this group what the contents are and get their observations so that when I table it in the House a day or two later I will be able to indicate their reaction.

* * *

POWER

JAMES BAY HYDROELECTRIC PROJECT—INQUIRY AS TO APPLICATION UNDER NAVIGABLE WATERS PROTECTION ACT RESPECTING GRANDE RIVER

Mr. G. H. Aiken (Parry Sound-Muskoka): Mr. Speaker, I have a question for the Minister of Transport which is related to the recent recommendation to the James Bay development corporation that the first stage of the James Bay hydroelectric project be proceeded with. Has the minister yet received an application under the Navigable Waters Protection Act for the development of the Grande River?

Hon. Donald C. Jamieson (Minister of Transport): No, Mr. Speaker, the situation remains as it was on the last occasion on which I answered this question. We have received, I believe, one application but it appears to have had no direct relationship to the James Bay development as it was merely part of a road plan for the area. Beyond that, there are no further details.

JAMES BAY HYDROELECTRIC PROJECT—INQUIRY AS TO FURTHER REPORT ON ECOLOGICAL EFFECTS

Mr. G. H. Aiken (Parry Sound-Muskoka): I have a supplementary question for the Minister of the Environment with reference to the James Bay project. In view of the continuing allegations by the James Bay committee of dire consequences if this project is proceeded with, has the minister had any recent further report on the ecological effects?

Hon. Jack Davis (Minister of the Environment): No, Mr. Speaker, I have nothing further to say. There was a report at the end of the year covering the first phase of our investigation into the environmental consequences of the James Bay development. The second phase is getting under way this summer.

POLLUTION

MEASURES TO CONTROL INDUSTRIAL WASTES

Mr. Frank Howard (Skeena): Mr. Speaker, I have a question for the Minister of the Environment regarding a speech he made in Montreal earlier this month to the federation of associations in Canada relating to the environment, in which he said in part with respect to industrial—

• (1130)

Mr. Speaker: Order, please. With respect, may I remind the hon. member that the question has to be asked directly. We shall get into difficulties if hon. members ask questions about statements made outside the House. Questions may be asked about the proceedings of the House or statements made in the House, but it is a long-established rule that reference can be made to speeches made outside the House only to the extent of inquiring from the Prime Minister whether they represent government policy. Otherwise, I suggest they should not be referred to at all.

Mr. Howard (Skeena): Mr. Speaker, I will ask my question directly. What plans does the minister—he knows what the answer is—or the government have to monitor industry and make sure that industrial wastes are kept inside the factory fence? Can he tell the House what plans he has for putting that edict into effect?

Hon. Jack Davis (Minister of the Environment): Mr. Speaker, we have been developing national standards in conjunction with individual industries, one industry at a time. The new standards have been published. For example, those dealing with the pulp and paper industry and the chlor-alkali industry, have been published. Similar standards are being developed for the chemical industry, the oil refining industry, and so on. One of the principal objectives of these standards is to keep the pollutants inside the factory fence as far as possible.

Mr. Howard (Skeena): Am I to take it from what the minister has said that he is going to bring about changes in the pulp and paper mill effluent regulations, to which he referred, which now permit pulp and paper mills to continue to dump their effluent into the water courses of the land, contrary to what he said in Montreal a few weeks ago?

Mr. Davis: Mr. Speaker, our standards apply immediately to new construction, new mills and new developments. As to existing mills, the hon. member knows that he has one in his own constituency which is a very bad offender, but I do not believe he is advocating the immediate shutting down of the mill in his area.

Mr. Howard (Skeena): I rise on a question of privilege, Mr. Speaker. The minister has deliberately distorted what I asked him, and in the process—

Some hon. Members: Oh, oh!

Mr. Speaker: Order, please. The hon. member knows that another member should not be accused of deliberately distorting what has been said. He can say it has been

distorted, but he has no right to say the distortion was deliberate.

Mr. Howard (Skeena): Mr. Speaker, so far as I am concerned, the minister deliberately did just that. He distorted the purpose of my question—

Mr. Speaker: Order, please.

Mr. Howard (Skeena): —that part—

Mr. Speaker: Order, please. The hon. member may believe that and he may think that; however, there are things that members can think but cannot say. That is the basis to effect the propriety of debate. I would think there are many things that hon. members would like to say. Some things can be said and some things can only be thought, and sometimes the one does not coincide with the other. I remind the hon. member that he has been in the House a long time and he knows he cannot accuse another hon. member in that way. He can argue with the minister as long as he wants to, but he certainly should not accuse another member, whether he be a cabinet minister, a member of his own group, a frontbencher or a backbencher, of deliberately distorting another member's words.

Mr. Howard (Skeena): Mr. Speaker, if I may continue my question of privilege, the minister, out of his ignorance of the subject, distorted the purpose of my question. I asked him whether he intends to bring about changes in the pulp and paper mill effluent regulations so that industrial wastes will be kept within the factory fence.

Mr. Speaker: Order, please.

Mr. Davis: Mr. Speaker—

Mr. Speaker: Order, please. I really fail to see how the hon. member, on a question of privilege, can redraft the question he asked previously or seek further information. That is not a question of privilege; it is dispute and debate between the minister and the hon. member. I think we should move on to the next subject.

* * *

[*Translation*]

LABOUR RELATIONS

LONGSHOREMEN'S STRIKE, MONTREAL—INQUIRY AS TO ARRESTS FOLLOWING REFUSAL TO OBEY INJUNCTIONS

Mr. Roch La Salle (Joliette): Mr. Speaker, I should like to ask a question about the strike at the port of Montreal. The Minister of Labour being absent, I shall ask it of the Minister of Transport or to the Minister of Justice.

Does the government intend to enforce the injunctions issued and have people been arrested up to now?

[*English*]

Hon. Otto E. Lang (Minister of Justice): Mr. Speaker, the ordinary administration of justice and the enforcement of rules are in the hands of the provincial Attorneys General rather than in the hands of the federal Attorney General.

Inquiries of the Ministry

LONGSHOREMEN'S STRIKE, MONTREAL—INTERVENTION OF DEPARTMENT OF LABOUR TO ACHIEVE SETTLEMENT

Mr. Warren Allmand (Notre-Dame-de-Grâce): Mr. Speaker, I wonder whether any minister is now able to answer my earlier question whether the Department of Labour has been in touch with the parties and has been able to do anything to bring the two parties together?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, perhaps I can answer the question partly by saying, in the affirmative, that the Minister of Labour has been aware of this matter and has been in touch with some of the people concerned.

* * *

TRANSPORT

INSPECTION OF REPAIRS TO AUTOMOBILES RECALLED BY COMPANIES FOR CORRECTION OF DEFECTS

Mr. Elmer M. MacKay (Central Nova): Mr. Speaker, may I direct a question to the Minister of Transport. In view of the current policy of the Ford Motor Company of only installing audible warning devices on cars with defective wheel mounts instead of actually correcting these dangerous defects, has the Minister of Transport considered establishing regulations whereby repairs made to recalled vehicles will be subject to rigid testing and inspection by the Department of Transport?

Hon. Donald C. Jamieson (Minister of Transport): Mr. Speaker, once again, this question would require a very long answer to reply fully to the hon. member. I can say that we have established what he has described as rigid inspection. May I take the question as notice to find out exactly what form those inspections take.

Mr. MacKay: Will the minister undertake to publish a periodic list of all makes and models recalled, specifying the nature of the defect and the steps taken by the manufacturer to remedy it?

Mr. Jamieson: Mr. Speaker, I do not want to mislead the hon. member, but I believe such a list is already in existence and is in fact published. I will get it for him.

* * *

FISHERIES

ATLANTIC SALMON FISHERY CLOSURE—REPRESENTATIONS TO DENMARK FOLLOWING BAN—REQUEST FOR TABLING OF CORRESPONDENCE

Mr. John Lundrigan (Gander-Twillingate): Mr. Speaker, may I direct a question to the Minister of Fisheries. Did the government, either through the Department of External Affairs or the minister's department, officially contact the Danish government immediately after the ban on the Atlantic salmon fishery was imposed, outlining what we had done and requesting the withdrawal of that country from the fishery? If so, will the minister table the documentation?

[Mr. Lang.]

Hon. Jack Davis (Minister of Fisheries): Mr. Speaker, we have had numerous discussions with the Danes over the past 12 months. I personally went to Copenhagen and spent several days there trying to convince the Danish government that they ought to change their high seas fishing policy. There is some correspondence on the matter which I would be glad to make available to the hon. member.

INQUIRY AS TO CONTINGENCY PLAN TO INDUCE DANES TO CEASE FISHING FOR SALMON ON HIGH SEAS—POSSIBLE WITHDRAWAL OF CANADA FROM ICNAF

Mr. John Lundrigan (Gander-Twillingate): In view of the minister's admission outside the House yesterday that he does not expect Danish co-operation, can he indicate whether Canada has a contingency plan to achieve the withdrawal of the Danes? Second, is Canada willing to follow the lead of the United States and lay our involvement in ICNAF on the line unless we get more co-operation on the basis of conservation?

Hon. Jack Davis (Minister of Fisheries): Mr. Speaker, the position we are taking in Washington relative to the Danes is that they should stop fishing off West Greenland immediately. We hope they will stop. I was asked what the chances are of their stopping, and I would not say they were very high. Certainly we are continuing to maintian pressure, and I should not like to leave the impression that we are absolutely certain they will be adamant and will withstand our very logical and persuasive argument.

Mr. Lundrigan: Mr. Speaker, the minister has not answered the second part of the question. Can he say whether Canada is willing to follow the lead of the United States, as indicated in a statement of yesterday, and say that unless we get more co-operation in the area of conservation we will lay our involvement in ICNAF on the line and get out of the organization?

Mr. Davis: Mr. Speaker, the indication in the press is that the United States has stated that if it does not get its way it will withdraw from ICNAF. I think this would be extremely unfortunate. I think we are making considerable progress through ICNAF. Canada is relying on the success of the North Atlantic Commission to bring about quotas and a rational system of fishing close to our coasts.

[*Later:*]

POSSIBILITY OF UNILATERAL EXTENSION OF CANADIAN JURISDICTION TO COVER CONTINENTAL SHELF

Mr. Lloyd R. Crouse (South Shore): Mr. Speaker, I have a supplementary or related question to the previous ones concerning fisheries. In view of the statement yesterday by the United States Under Secretary of Commerce, Mr. James Lynn, to the effect that the American government has under advisement the possible withdrawal of that country from ICNAF, the International Commission for the North Atlantic Fisheries, is the Minister of Fisheries or the government giving consideration at the moment to extending unilaterally our fisheries jursidiction over the Canadian continental shelf under legislation that would be comparable to that introduced by Iceland?

Hon. Jack Davis (Minister of Fisheries): No, not at all, Mr. Speaker.

* * *

EXTERNAL AFFAIRS

CANADIAN POSITION AT FORTHCOMING NATO MEETING ON CONTINUED MEMBERSHIP OF GREECE

Mr. R. Gordon L. Fairweather (Fundy-Royal): Mr. Speaker, my question is directed to the Prime Minister. What position will the government of Canada take at next week's meeting of the NATO foreign ministers in Brussels about the continued membership in the alliance of Greece?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I have no knowledge that Canada's position at the next meeting will differ from the position taken in the past.

* * *

• (1140)

AGRICULTURE

REQUEST FOR INVESTIGATION OF ALLEGED DUMPING OF BRITISH COLUMBIA EGGS IN ONTARIO

Mr. Murray McBride (Lanark-Renfrew-Carleton): Mr. Speaker, my question is for the Minister of Agriculture, but in his absence I will direct it to his parliamentary secretary. In view of reports that British Columbia eggs are being dumped into the province of Ontario at prices as low as 22 cents or 23 cents for grade A large, and in view of the desperate financial losses being suffered by Ontario egg producers, will the Department of Agriculture launch an immediate investigation into this urgent problem?

[*Translation*]

Mr. Marcel Lessard (Parliamentary Secretary to Minister of Agriculture): Mr. Speaker, I wish to thank the hon. member for raising this question. Of course, the department is considering all possible implications, but it is not always easy to determine exactly whether or not there is actually any dumping. However, we have to deplore battles between producers of various provinces and I believe it is one of the main reasons for insisting on some final agreement between provinces and on using the provisions of Bill C-176 which provides for a settlement of these problems.

* * *

[*English*]

TRANSPORT

PROPOSED CARRIAGE OF KOOTENAY COAL BY U.S. RAILWAY—REQUEST FOR CONSIDERATION OF POSSIBLE ECOLOGICAL EFFECTS ON WHITE ROCK AREA

Mr. Barry Mather (Surrey-White Rock): Mr. Speaker, I have a question I want to direct to the Minister of Transport. It has to do with the decision of the Supreme Court a short while ago which is believed to give a green light to the carriage of Canadian coal by railway into the United States and thence by a United States railway back into the lower mainland of British Columbia en route to Roberts Bank. As well as giving some consideration to the potential unemployment involved in that decision, will the minister look into the ecological factors as the railway concerned, the Burlington Northern, runs through one of Canada's finest scenic resorts, White Rock, a part of the Surrey-White Rock area?

Hon. Donald C. Jamieson (Minister of Transport): Mr. Speaker, I will be very happy to do the latter. The current status of the case in question, as I undertook to find out for the hon. member for York South, is that the case has not actually been finally disposed of. The effect of the Supreme Court ruling was to permit the applicant to go back and reapply to the Canadian Transport Commission. Simultaneously with their court action they filed an appeal before the CTC. Both of these matters are still open and for that reason the case is still, in a sense, sub judice.

* * *

POLLUTION

INTERIM MEASURES PENDING IMPLEMENTATION OF ARCTIC WATERS POLLUTION PREVENTION ACT

Mr. W. B. Nesbitt (Oxford): Mr. Speaker, my question is for the Minister of the Environment. I think he is the appropriate minister under the circumstances. In view of the fact the government is admittedly having some difficulty in bringing into effect the Arctic Waters Pollution Prevention Act, can the minister inform the House what intermediate measures are being taken by the government to ensure that our Arctic waters are not polluted in the interim? Second, can the minister tell us how soon this act will be proclaimed?

Mr. Speaker: Order, please. I have doubts as to the first part of the question. The hon. member is asking for a statement which should be made on motions. The minister might be allowed to reply briefly to the first part of the question. I do not see anything wrong with the second part.

Hon. Jack Davis (Minister of the Environment): Mr. Speaker, I understand that the Minister of Indian Affairs and Northern Development will be making a statement in the next few days on this subject.

* * *

IMMIGRATION

CIRCUMSTANCES OF ADMISSION OF PERSHING GERVAIS TO CANADA

Mr. G. W. Baldwin (Peace River): Mr. Speaker, my question is for the Minister of Justice. With regard to the case of Pershing Gervais, alias Paul Lee Mason, was it the minister who signed the ministerial order allowing this man into Canada, at the request of the United States authorities, to find refuge here? If so, when did the United

States authorities, either directly or indirectly, make known to him or his department the fact that this man had been convicted of offences involving moral turpitude?

Hon. Otto E. Lang (Minister of Justice): Mr. Speaker, I was the minister responsible at the time of the admission of this man into Canada. I did approve of that admission with full knowledge of the facts, but not with any pressure from any government of which I am aware.

* * *

FINANCE

AUDITOR GENERAL'S REPORT—REMISSIONS TO COMPANIES UNDER MACHINERY PROGRAM—ALLEGED FAILURE TO REPORT TO PARLIAMENT

Hon. Jean-Luc Pepin (Minister of Industry, Trade and Commerce): Mr. Speaker, my most of the time friend, the hon. member for York South, asked me yesterday what the reason was for the failure to report individual remissions over $1,000 under the machinery program as required by Section 17 of the Financial Administration Act, deplored by the Auditor General at page 107 of his report. The "reason" is simply that the practice followed in 1971 was the same as the practice in previous years. There are approximately 17,000 remissions per annum under the machinery program of my department, and it would be impractical to list them all in the public accounts. What we do is list the numbers of the Orders in Council covering these remissions. The information requested is available at the statutory instruments office in the Varette building on Albert Street.

* * *

CONSUMER AFFAIRS

ALLEGED EXCESSIVE MARKUPS ON SCOTCH WHISKEY BY LIQUOR CONTROL BOARDS

Mr. Thomas S. Bell (Saint John-Lancaster): Mr. Speaker, I have a question for the Minister of Industry, Trade and Commerce. Has the minister received complaints that higher markups are charged on Canadian Scotch whiskey by Canadian liquor boards, which are contrary to GATT? If so, has the minister any good word as to lower prices for Scotch whiskey that will bring happiness and be of interest to all hon. members?

Mr. Speaker: Order, please. I am not sure there is urgency to this question—

Some hon. Members: Oh, oh!

Mr. Speaker: —but there appears to be general interest in the House. Hon. members appear to be very anxious to hear the minister's response.

Hon. Jean-Luc Pepin (Minister of Industry, Trade and Commerce): Mr. Speaker, I was not aware of this, but I will look into it at lunch over a glass of wine and advise accordingly.

Some hon. Members: Hear, hear!

[Mr. Baldwin.]

INDUSTRY

TOBACCO—SUCCESS OF MISSION TO PEOPLE'S REPUBLIC OF CHINA

Mr. Charles Turner (London East): Mr. Speaker, my question is for the Minister of Industry, Trade and Commerce. Recently a Canadian tobacco mission travelled to the People's Republic of Canada—

Some hon. Members: Oh, oh!

Mr. Turner (London East): —the People's Republic of China.

Mr. Hees: You had it right the first time.

Mr. Turner (London East): Is the minister in a position to tell the tobacco farmers of southwestern Ontario whether or not this mission has been successful?

Hon. Jean-Luc Pepin (Minister of Industry, Trade and Commerce): Mr. Speaker, the answer is yes. A sale of approximately $1 million worth of Canadian tobacco will be made to China, due to the efforts of the tobacco industry and of my department.

* * *

INQUIRY OF THE MINISTRY

Hon. George Hees (Prince Edward-Hastings): Mr. Speaker, I have a question for the Prime Minister. As the Leader of the Opposition was introduced in North Battleford last night by one of the Prime Minister's colleagues, Senator Sparrow, as the next Prime Minister of Canada, was it on Senator Sparrow's advice that the Prime Minister decided last week not to call a general election?

Mr. Speaker: Order, please.

An hon. Member: Sparrow is for the birds.

Mr. Speaker: The hon. member for Oshawa-Whitby.

Mr. McIntosh: Mr. Speaker—

Mr. Speaker: Order, please. The Chair has recognized the hon. member for Oshawa-Whitby. There could hardly be a supplementary to that question that would be in order.

* * *

INDUSTRY

TARIFF REMISSION ON MICHELIN TIRE IMPORTS—POSSIBILITY OF SIMILAR ARRANGEMENT FOR OTHER TIRE MANUFACTURERS

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, my question is for the Minister of Industry, Trade and Commerce. In reply to a question put to him yesterday by the hon. member for Waterloo, the minister stated that an offer by his department to tire companies other than Michelin embodied the same tariff remission concessions that were offered to the Michelin company. I was

informed yesterday in categorical terms by the president of one of these other firms that no such offer had ever been made by the government. In view of this, will the minister take a minute to explain what he intended by his answer yesterday?

Hon. Jean-Luc Pepin (Minister of Industry, Trade and Commerce): Mr. Speaker, if I was that precise I apologize! I thought I used the words "the same general philosophy". In the case of Michelin the philosophy is that the company imports into Canada certain types of tires that they do not produce here and produces more for the domestic and the export markets of other types of tires. The same philosophy would have been provided as part of the "tire plan" I talked about yesterday.

Mr. Broadbent: Is the minister saying to the House that precisely the same financial incentives were proposed along this line to the other tire companies?

Mr. Pepin: Mr. Speaker, I repeat what I said. The "same philosophy" would have been incorporated in the tire plan which the department discussed with the other interested Canadian tire companies.

• (1150)

Mr. Broadbent: In view of the fact that, in addition to the millions of dollars in concessions that have been made in the form of DREE grants and tax remission programs that have already been made public, I have learned that—

Mr. Speaker: Order, please. The hon. member in his question and two supplementaries is really indicating what he has learned, information that he has received. This is not the purpose of the question period. The hon. member should ask his question without conveying information as he has been doing.

Mr. Broadbent: I accept your correction, Mr. Speaker. In view of the fact it is now known that, in addition to the previous concessions and remissions to Michelin, the company has also been granted the privilege of writing off over a two-year period their total capital costs involving capital equipment and plant equipment, which was not publicly known before, and in view of other complicated tax concessions which have not yet been fully clarified, would the minister consider making a statement early next week on the total financial package that has been offered to the company and the return that the Canadian economy is supposed to obtain?

Mr. Pepin: I will do my best, Mr. Speaker. The Minister of Finance, who is absent, is responsible for this particular matter and I will pass these questions on to him. But may I say that any other tire company which might have used the plan that was suggested would also have benefited from regional development funds, acceleration of depreciation rates and that sort of thing, which are legal practices in Canada.

Mr. Hees: A supplementary question, Mr. Speaker.

Mr. Speaker: Order, please. The last series of questions and answers has brought us to two minutes beyond the question period. I am sure the hon. member will be given an opportunity early next week to ask his supplementary. We might start the question period on Monday with the hon. gentleman's supplementary. Orders of the day. Is the hon. member rising on a point of order?

Mr. McIntosh: No, Mr. Speaker; I thought you were going to recognize me. I wished to put a supplementary to an earlier question by the hon. member for Prince Edward-Hastings.

Mr. Speaker: I did indicate at that time that the question was out of order and there could not be a supplementary to a question that was out of order. I have just indicated to the hon. member for Prince Edward-Hastings that the question period has already expired. I am sure the hon. member's question is of interest and it can also be asked on Monday. I believe that the spokesman for the official opposition is anxious to get started on the speech he wants to deliver to the House, so we will call orders of the day.

GOVERNMENT ORDERS

BUSINESS OF SUPPLY

ALLOTTED DAY, S.O. 58—ALLEGED EROSION OF PARLIAMENT'S CONTROL OVER GOVERNMENT SPENDING AS A RESULT OF EVASION OF CONSTITUTIONAL SAFEGUARDS

Mr. G. W. Baldwin (Peace River) moved:

This House, noting the continuing erosion of Parliament's control over government spending of public moneys due to government evasion of constitutional and legal safeguards as noted in the 1970-71 report of the Auditor General, and due to imperfect procedural structure, reaffirms the fundamental principle of the Canadian constitution that parliament must control expenditures of public moneys.

He said: Mr. Speaker, I think it is a terrible indictment of this government that in this year A.D. 1972 the parliamentary opposition feels compelled to move, in terms of this kind, a motion such as the one Your Honour has just read. It is not the first time this has happened. Two years ago, on April 21, 1970, my leader moved a motion in not quite the same terms but along the same general lines. This motion included the following statement:

That this House condemns the government for criticizing the Auditor General of Canada for carrying out his duties according to law; and reasserts its support of the principle of unfettered parliamentary scrutiny of government expenditures—

And so on. As I say, that was two years ago. Since that time a lot of water has gone under the bridge. There have been two more annual reports issued by the Auditor General and Tabled in this House. I think it is a shocking thing that at this time we should be compelled to move such a motion.

Two years ago, on April 21, the President of the Treasury Board (Mr. Drury), in replying on behalf of the government—as I assume he will again today—made this statement as reported at page 6119 of *Hansard*. After referring to the motion, he said:

This statement puts forward principles which are unexceptionable.

Obviously it would appear that the government and the hon. gentleman accepted those principles. I thought at the time, going back to a Biblical quotation from, I think, Luke, that there is more joy in heaven over one Liberal sinner who has repented—and I see another leaving the House at this time—than seventy and two just Conservatives who needed no repentance.

When we read the Auditor General's report that has so recently been placed in our hands, it is obvious that there was no real belief on the part of the President of the Treasury Board in what he said at that time. As a matter of fact, when we read his speech of April 21, 1970, as well as a similar speech that he made on another occasion, I think I was deluded in accepting in good faith his statement that this principle was one which was unexceptionable. I say that because, as reported at page 6121, the President of the Treasury Board went on to say this:

> We will be proposing that the government ought to be obliged to report to Parliament, to the Public Accounts Committee, on the totality of the Auditor General's report, on all the criticisms he has made of the government and the public service.

Raising its ugly head at that time was the intention of the government, which has now been confirmed, that it should have the opportunity to rebut in advance of presentation to this House the statements made by the Auditor General, an official of parliament who reports to this House. The government, obviously angered, worried and concerned, as it should properly be, about these very reasonable criticisms that had been made over and over again, was planning to try to reduce the effect of those criticisms by making a rebuttal in advance, instead of following the proper practice of having its representative appear before the public accounts committee.

On another occasion, namely on March 7, 1972, we found it necessary to bring forward another motion in my name, not in the same terms as this, of course, but dealing with the same general issue. At that time the President of the Treasury Board told us exactly what the government thought of the attempts made by this party and the House to look into this matter. As reported at page 606 of *Hansard* for that date the President of the Treasury Board made this statement:

> After the next election we undoubtedly will have another look at this problem of the allocation of our most valuable commodity, time, and will have noted the experiences of the present parliament.

That is a clear and present threat by the President of the Treasury Board that if after the next election this country is unfortunate enough to have another Liberal government, which would include the hon. gentleman and, I assume, the right hon. Prime Minister (Mr. Trudeau) as members, then there will be an attempt to restrict opportunities for parliament to examine the very important issues that should be examined. I say that is a clear threat by the hon. gentleman, and I hope that the members of his own party, as well as the public, will take note of it. This, Mr. Speaker, is their reply to debates of this sort that we have launched in a statesmanlike way to try to secure some reasonable and rational discussion of this very serious problem.

• (1200)

I could go back to the British North America Act and to the Financial Administration Act to outline these principles which have been established over the generations. It is the right of the representatives of the people, and not the right of the Treasury Board or the government, to scrutinize and examine the expenditures of government to ensure that the government proceeds according to the accepted principles and practices of parliamentary dominance in so far as the expenditure of public money is concerned. This government has forgotten, if it ever knew, that these principles exist.

What was the reaction of the Prime Minister (Mr. Trudeau) yesterday? I raised this matter and other hon. members pursued it in the House during the question period as well as outside. What did the Prime Minister suggest as a remedy? The right hon. gentleman was going to arrange for the President of the Privy Council (Mr. MacEachen) to refer the report to the Public Accounts Committee. In heaven's name, what is the situation now of the Public Accounts Committee? Because of slovenliness, incompetence, indecision, inability or a lack of desire on the part of the government to get the Auditor General's report of previous years into the hands of the Public Accounts committee in the proper time, the Public Accounts Committee is now months behind in its study of the 1970 report. That report has only been very scantily digested. There has not been adequate opportunity to do very much about that report. The Public Accounts Committee is still charged with and engaged in looking into this report.

I know the government will say the Auditor General had some responsibility because his report did not come into the hands of the government in time. I deny that allegation and refute it in advance, because I can see by the look in the eyes of the President of the Privy Council that this is what he is going to say. If the Auditor General did not get his report into the hands of the government in the proper time on occasions, he has made it abundantly clear by statements in the Public Accounts Committee and elsewhere that it was because this government, whether deliberately or by inadvertence, has failed to provide him with the staff and equipment he needs to do his job. That is where the fault lies, right at the door of the government, and it cannot hide behind any such statement. In any event, it will probably be weeks or months, knowing the way this government is operating, before the Public Accounts Committee is able to complete its deliberations and make its reports in respect of the report of the Auditor General for the fiscal year ended March 31, 1971.

What consummate duplicity on the part of gentlemen opposite to suggest that the answer to our legitimate complaints and the answer to the anxiety, frustration and anger of the people of Canada about this continuing example of unparallelled government extravagance, waste and stupidity in the expenditure of our money is this reference of the Auditor General's Report for 1971 to the Public Accounts Committee. This Chamber is the place in which people should be looking at the case made by the Auditor General, not in respect of the items, but in respect of his statement that there is a continuing erosion by the government of the right of this Parliament to

control funds which are expended by the government of Canada.

Let me buttress that statement by reference to the report of the Auditor General for the fiscal year ended March 31, 1971. The Auditor General writes in paragraph 50, at page 22:

> Reference was made in paragraph 47 of our 1970 report to the inclusion in the 1969-70 Estimates of amounts which were not required to meet expenditure coming in course of payment during that year.

I pause there to emphasize the fact that the Auditor General is saying, in his current report, that this is not the first time he has brought to the attention of this House and the people of Canada a very serious allegation in respect of the government. In the 1970 report, there was paragraph 47, which I will not bother to read as it is along the same lines.

The Auditor General goes on to say in paragraph 50 of his 1971 report:

> Nevertheless they were recorded as expenditure of the year under the authority of special wording in the several vote texts in the Appropriation Acts. These amounts, totalling $172,685,000, formed part of certain balances totalling $296,663,000 at March 31, 1970 which were available without further reference to Parliament to meet obligations coming in course of payment subsequent to that date. We pointed out that one of the most important controls exercised by Parliament over public expenditure was provided by section 20 of the Financial Administration Act which directs that:
>
> "All estimates of expenditures submitted to Parliament shall be for the services coming in course of payment during the fiscal year."

In plain defiance of that Act of Parliament, the financial bible under which this government or any government of Canada should be operating, this government has arrogated the right to spend millions of dollars without obtaining the consent of this Parliament. The same situation prevailed in respect of the previous year.

The Auditor General has placed side by side at page 24, in the continuation of his description in paragraph 50, the sums of money which were available to this government to spend without proper appropriation or approval by this Parliament; one year it was $291 millions and in another year $296 million.

The Auditor General ends up with this statement:

> We reiterate our view that one of the most important controls exercised by Parliament over public expenditure is its requirement that all estimates of expenditure submitted to it shall be for the services coming in course of payment during the fiscal year. This control is seriously weakened when funds are credited to special accounts to be available for spending in future years.

Then, the Auditor General goes on in the next paragraph to deal with the government contingencies program. We have had a lot of debate in the committee about this enormous special fund which, from year to year, aggregates well over $100 million. In the supplementary estimates, and I refer to supplementary estimates (B) for the year 1971-72, under the heading of "Treasury Board", there is an item, Vote 5b, government contingencies. The government, through the medium of this particular supplementary estimate, completely altered the purposes for which the vote of $75 million had been made available as part of the contingencies fund. I know it can be said that this Parliament did approve this item. This Parliament was bulldozed into approving it.

What happens and how is this approval obtained? We all know that when there are supplementary estimates they are submitted to the Miscellaneous Estimates Committee which does not have a great deal of time to consider them. There are usually several hundreds of millions of dollars, involving many departments, and there is pressure on the committee to approve these estimates in order that they may qualify for passage under our Standing Orders. Here is an important deletion involving $75 million, and the committee has an extremely limited amount of time to debate it. There was no opportunity for the House to debate it. These are just illustrations. If I had time I could go through the Auditor General's report from back to front and give even more abundant examples than I have.

• (1210)

There is one more aspect of the government's failure to comply with the proper practices and rules of parliamentary control; that is, the method of legislating through the estimates for large sums of money to be paid out according to the whim of the government. I will give one or two examples. In Supplementary Estimates (A) for 1971-72, at page 44, there is a very large appropriation of some $160 million. This is the device used by the government for the granting of loans to provinces, provincial agencies and municipalities under the Municipal Development and Loan Act for the purpose of assisting in the creation of employment in accordance with terms and conditions set out in agreements entered into between the Minister of Finance and the provinces.

What that means is that the Minister of Finance enters into agreements with the provinces, which are never approved by this House, and which do not constitute any realistic attempt to cope with unemployment, which everybody agrees should be done. I feel very strongly that there should be some greater measure of consultation with Parliament when an amount of $160 million is expended merely by placing an item in the estimates rather than giving Parliament the opportunity it would have had to debate that item had it been contained in a bill. Hon. members know that there is a debate on second reading of a bill, after which it is referred to a committee. There is an opportunity to call witnesses, make proposals and move amendments. The bill then returns to the House for the report and third reading stages. Every stage is calculated to permit a diligent and effective opposition to deal with proposals of this kind and suggest alternative or additional means of coping with a problem.

Again, this procedure is not followed. The government all too often does this through the medium of an item in the estimates, in this case $160 million, and we have a further erosion of that Parliamentary control which is essential if Parliament is to retain any significance at all in the democratic process. I know that emergencies arise, at which time governments must act swiftly and it is not always possible to come to Parliament to secure the requisite consent. However, there is a very heavy burden on any government when it takes some $17 billion or $18 billion of the taxpayer's money out of their pockets every fiscal year without going to Parliament. I say these are the means an alert, intelligent and vigilant government would use to bring in legislation in ample time to permit the type of debate we should have. I deplore that practice which

prevents this being done. I have referred to the means by which the government is gradually getting away from the type of control we ought to maintain.

There are other illustrations of this type of legislation by estimate which are indicative of an exceedingly bad practice. This is done by all governments. I believe it is about time we called attention to the fact that the members of this House and the country will no longer countenance such a practice. In addition to the Auditor General, the Public Accounts Committee has looked into this practice. As long ago as the year 1966-67, in the 13th report of the Public Accounts Committee, the committee looked at the general question of parliamentary control, filed a caveat and called the attention of the House and inferentially of the country to the fact that there was a weakening of parliamentary control. This was in another context, but it was done after very careful consideration. I took the time to read the minutes of proceedings and evidence which preceded the recommendation of the Public Accounts Committee. This recommendation was neglected. Nothing was done about it. This recommendation is one of 38 others which at the present time are lying untended. No action has been taken on them. The government either has neglected or rejected them, or is simply incapable of action on them.

The blue ribbon committee of this House charged with the responsibility of examining the public accounts through the medium of the Auditor General's report is a committee which, up until recent years, at any rate, has had a very enviable reputation for non-partisan objective examination in carrying out its duties. Here we have 38 recommendations going back to the fourth report in 1963. For nine years the recommendations of the Public Accounts Committee have been piling up, and we now find at this time that 38 of them have been neglected or rejected. This is the stage at which the Prime Minister was willing to leave the 1971 Auditor General's report. I had the honour of serving as chairman of the Public Accounts Committee for several years. I thoroughly enjoyed it. I believe it was a very responsible committee. I must say, however, that in recent years there has been some falling off of the spirit of non-partisanship which did exist and which always should be present in the committee.

The other day, while re-reading the story of Becket and King Henry II, I wondered whether the Prime Minister, having just finished reading a copy of the Auditor General's report of two years ago, said to those around him, "Is there no one who will rid me of this man?" I think those words are similar to the words of King Henry when he wanted to get rid of the Archbishop of Canterbury. The President of the Treasury Board (Mr. Drury), the then President of the Privy Council, and the present Minister of Energy, Mines and Resources (Mr. Macdonald) who was then I believe the government House leader, were quite eager to volunteer to make comments about the Auditor General which were not in keeping with their high responsibilities as ministers of the Crown. They were prepared to appear before the Public Accounts Committee and make remarks before that committee which would have had the effect of seriously crippling the function of the Auditor General of making a very impartial study.

There is no question in my mind, as a result of my appearances at the committee and reading the transcript of the proceedings, that there has been a greater disposition on the part of government members on that committee to attempt to hide some of the misdeeds of this government. I hope this is only temporary and will change. However, there are very few lines of defence left to the harassed taxpayer. By reason of certain changes in the rules, with respect to which some of my colleagues will later be dealing, the opportunities in this House are becoming increasingly restricted for dealing in the way in which we should be dealing with the right of this parliament to continue to exercise control over the public purse. The Auditor General and the Public Accounts Committee, with which he works in the closest liaison, are probably the front line of defence the taxpayer has. I would hope—and I say this quite sincerely—that what I seem to have detected as a form of more aggressive partisan conduct on the part of government members of the committee will be changed and that they will return to the objective and impartial study which is essential if the committee is to do its job.

• (1220)

Mr. Cafik: Mr. Speaker, I rise on a point of order. The hon. member has indicated that he hopes that the attitude of members of the government on the Public Accounts Committee would be changed to a non-partisan one. I wonder if the hon. member would like to single out any members of that committee he feels are guilty of such an approach. I feel that this is an insult to members, not only on this side of the House but to the entire committee, which certainly in my four years of experience on it—and I have seen the hon. member only once at that committee's meetings—has behaved in a singularly non-partisan way.

Some hon. Members: Hear, hear!

Mr. Baldwin: I am sorry the hon. member is so sensitive, but since he is attending the committee continuously he might be better qualified that I am to name the hon. members on his own side who are not non-partisan. However, I believe in the value and efficacy of this committee; there is no doubt about it. Obviously, we are getting so close to an election now that it is very unlikely this committee will be able to complete its deliberations, even on the 1970 report. I hope that after the next election when this parliament reconvenes, regardless of which party forms the government, the new public accounts committee will put behind it the bickering and partisanship which have crept into it which I say, in spite of what the hon. member has to say, does exist and can be easily detected.

One more point raised by the Auditor General is the question of his staff. This has been a continuing irritant. It has been referred to for over ten years. There has been an obvious need to secure a more effective method by which the Auditor General will be able to select his staff. I will not get into the details of it. I hope that either this government or the government that succeeds it will put together a new bill. I think we have to take the Auditor General out of the Financial Administration Act. When that new bill is put together, many of the proposals which have been

advocated by the Auditor General and his staff and which in many cases have been approved by the committee, should be contained in it. I should like to make reference only to page 4 of the report for this year where I find the following statement, but because my time is running short I will read only the last sentence of the paragraph. The Auditor General is referring there to the action of the Treasury Board in downgrading 28 senior members of his staff:

> In my opinion, this action by the Treasury Board Secretariat is unfair and discriminates against the Auditor General. It should be corrected forthwith. If it is allowed to stand it will mean that his office is prevented from employing auditors in the highest classification in the public service of Canada. It will also mean that in order to reach the highest classification in their profession, his most experienced auditors must leave the office of the Auditor General.

I sincerely hope that when the new legislation is introduced this will be one of the problems which, along with others, will be solved.

I see that my time is close to being up. I want to close on this note. I know that when people occupy treasury benches, particularly those who have served previously in the establishment, in the civil service, they have a disposition to assume that they are the sole arbitrators of the way money is spent. I concede to them the essential right to initiate programs of expenditures—that is their duty and responsibility as the executive. But they move from that position to gradually assuming that they are lords of all they survey, that parliament exists only to be a rubber stamp for their wishes and views. They assume that members of parliament have no right to challenge their decisions regarding the expenditures of the public funds. The sole right of making decisions does not rest on the Prime Minister, on the President of the Treasury Board, on me, on the leader of my party or on any single member of this parliament; it rests with all the people of Canada. But the elected representatives sitting in the House are the people who, more nearly and more truly, are able to judge what the people of Canada wish in their infinite strength and wisdom, and I suggest—

Mr. Speaker: Order, please. I regret that I must interrupt the hon. member but his time has expired. He can continue with the unanimous consent of the House. Perhaps there might be unanimous consent to allow the hon. member to complete his last sentence.

Mr. Baldwin: I will not take advantage of the generosity of the House, other than to say that I hope it would be the right of the House from now on, in the light of the representations which have been made to the government and in the light of the public reaction to the Auditor General's report as well as to his previous reports, to ensure that there will be returned to parliament the control of the expenditures of public funds in this country.

Mr. Barry Mather (Surrey-White Rock): Mr. Speaker, in taking part in this discussion of the motion which the official opposition has put before the House, I would first like to sketch the background against which it seems to me the Auditor General's report and the spendings of the vast and varied departments and agencies of government, should be reviewed.

Alleged Loss of Control of Public Moneys

It is quite clear that the public sector spending at all levels of government constitutes the biggest big business in the country. In this place we are the trustees of the spending of the public's $15 billion or $16 billion of tax money a year. The government is into a variety of enterprises and services. The public is involved, through its agency the Post Office, in the delivery of millions of letters every day, the ownership and operation of thousands of motor vehicles in the service of various departments. The public is concerned and involved in the rubber business, the mining business, the housing, highway and even the movie business.

One item which we approved at this level some years ago had to do with the cost of construction of the National Arts Centre. By my calculation every Canadian man, woman and child was involved in the expenditure of approximately $2.20 to put the National Arts Centre here in our capital. In this way my own riding of Surrey-White Rock contributed through taxation something in the order of a quarter of a million dollars for the building of the National Arts Centre.

As one of our party's representatives on the Public Accounts Committee I feel at every session of that committee that I am plugged in, so to speak, to everybody's pocketbook and on the other hand to everybody's wellbeing. The same principles apply at the level of the Public Accounts Committee as they do at the level of the directors of a business or an association, the trustees of a church, or the officers of a trade union. We are all concerned with what we take in and what we put out. In our case, at this level of financial control or investigation, we should note that a great part of the billions we oversee are fixed charges. Defence and interest payments seem to be firmly in that category. Together, they make up about one fourth of our entire federal spending. In my view our spending in both these areas could be materially reduced by no more revolutionary a means than that employed by any sensible economically minded married couple. However, in line with all this, Mr. Speaker, and checking into the intricate and sometimes duplicative efforts and facilities of the federal government and it agencies, we have the Auditor General and his staff delving into and exposing the hundreds of items of governmental goofs and wastes.

• (1230)

The Public Accounts Committee recently compiled an historical record, extending from 1930 to 1970, of all the recommendations of the various public accounts committees over that 40 year period. It is a book of some size, Mr. Speaker, and I am sure it will make very interesting, if painful, reading. It is a history of waste exposed, and in too many instances left to continue. As a former newspaperman I can very well appreciate such juicy items as the ones featured in the press yesterday under the heading "Henderson's Horrors"—items about the mothballed hydrofoil that cost Canadians $8 per family, about the Prime Minister's flights, about the puppets that didn't puppet. But while we cry out at this waste of public money—money that could have been put to good use such as increasing the well-being of our older or younger people, or such as reducing the taxation of our middle

aged people—while we cry out at this cataloguing of bungling and waste, that is not enough.

There are two other areas in regard to the revelations in the Auditor General's report which must be objected to in the highest degree. The first is the revelation which the report makes of the government's tendency, (a) to put special wording into the vote texts of appropriation acts, and (b) to record certain items as expenditures duly approved by parliament which were in fact funds retained for spending in subsequent years and which should have gone back to parliament for re-approval. Millions of dollars have been secured by the government in this way in the 1970-71 period. This strikes at parliament's right to represent the public in the outlay of the public's money. This must be stopped. We recommend that where any change occurs in the normal course of presentation of estimates, in the wording or standards which previously prevailed, a note or other indication calling attention to the variation be included in that particular item. That would be a guide to parliament rather than, as has sometimes been the case, a blind to parliament.

Again, Mr. Speaker, dealing with the millions of dollars that the government gets by contingency votes for supplementing the appropriations of the various departments, back in 1966 the Public Accounts Committee urged that any additional amounts required by each department must be made the subject of a supplementary estimate, prepared by the department concerned for submission to parliament. If that procedure were carried out, it would put an end to the evasion of parliamentary control of public funds by the building up of reserves through contingency votes.

A second serious thing about the report of the Auditor General is the effect of the disclosures of the inefficiency, sloth and wastefulness which are present in some departments of government. The effect of this will be to the discredit and disdain of our parliamentary system. I wonder what the farmer, the logger, the fisherman, the plant or office worker, or the old age pensioner must think of parliament after this catalogue of waste. I wonder what the country must think of parliament, never mind what it thinks about the government, after reading the Auditor General's detailed, yet limited because of staff problems, report. It seems to me that the disclosures by the Auditor General strike at the root of the public's faith in their elected representatives. I believe that this House, the Public Accounts Committee, and particularly the government should put an end to the kind of thing which is exposed by the Auditor General. If we do not do so we will in effect be guilty of undermining the parliamentary system.

In the view of the New Democratic Party, Mr. Speaker, all hon. members of this House should be united in their concern over the waste that the Auditor General exposes, and in many cases exposes every year without result. We should see to it that more power is given to the Auditor General, and that his staff is not handicapped, but indeed enlarged and upgraded, to find out and eliminate the inefficiency and waste which are tabulated in his report. We in the New Democratic Party are not content to exclaim over the scores of detailed items of non-productive expenditures as tabulated by the Auditor General. We are all for attacking them, and we do so in and out of committee, but that is not enough. I think we need to do two more things if the war on waste at the Ottawa level is to be won.

We need to follow up and follow through on the Auditor General's recommendations against leaks in public funds. His report states that of the 41 recommendations which had not been implemented or otherwise dealt with at March 31, 1970, 31 still remain. Seven additional recommendations are capable of specific implementation, but have not yet been implemented even though they were made by the Public Accounts Committee. The House should concern itself more than has been the case in pressing the government to expedite the implementation of the anti-waste recommendations of the Auditor General and of the Public Accounts Committee. We need to follow through to see that the leaks are blocked. But that too, important as it is, is not enough.

In my opinion we should press for a deep, broad and far-going survey, or inquiry or investigation of the system of the government's ways of doing business. It is not sufficient for us to examine the fruits of the system, not enough to take up individual results of a basic and continuing fault. We must get to the root as well as to the fruit of federal incompetence. I believe that the Auditor General himself made a rather similar proposal. In the Public Accounts Committee we read from year to year his reports of individual instances of bungling, but from year to year the same stream of dereliction continues to flow. I urge, in addition to the motion before us, that parliament either through the Public Accounts Committee, or perhaps through a select committee, should probe into the depths of the iceberg, the tip alone of which shows itself in the Auditor General's report. We should probe into this faulty system. Let us examine and correct the system, and not just complain about what it produces.

To sum up, Mr. Speaker, we of the NDP support the motion moved by the Official Opposition. We press for more power and freedom of action for the Auditor General, and we intend to make detailed representations on that point at the committee level. We seek practical safeguards to stop the government's tendency to evade parliament's scrutiny and understanding of its accounts. We ask for a determination by all hon. members to follow through and see to it that the anti-waste recommendations are implemented. Finally, we call for an in depth inquiry into the system that produces the on-going waste and bungling in the expenditure of public funds.

• (1240)

[*Translation*]

Mr. Gérard Laprise (Abitibi): Mr. Speaker, the motion the hon. member for Peace River (Mr. Baldwin) moved today is most important because it deals with the report the Auditor General of Canada presents every year. Every time this report comes out, we note that he points out innumerable costly errors for which civil servants are responsible.

Every year the Auditor General presents a report which, to my mind, is revolting. If the Canadian public were to read it, I believe a revolt would break out in

Canada. In fact, this report points out the costly errors made by people who think they are competent and honest.

I feel the errors are deliberate in most cases. A person can make an error once, but when the error is repeated, one can wonder about the honesty of some civil servants.

Following the submission of those reports, we unfortunately note that there is a certain rivalry between the Auditor General and the government. Indeed, it became obvious a few months ago when the government blamed the Auditor General for failing to submit his report in time.

The Auditor General stated why it was late, as he had already done on many occasions at the end of several financial years.

At the beginning of the report which has just been given to us, the Auditor General mentions once again the difficulties he experiences when auditing public accounts. I will quote in that connection the last two paragraphs of section 8 on page 4 of the report which in my opinion are liable to throw some light on the situation. They are as follows:

> In my opinion, this action by the Treasury Board Secretariat is unfair and discriminates against the Auditor General. It should be corrected forthwith. If it is allowed to stand it will mean that his Office is prevented from employing auditors in the highest classification in the Public Service of Canada. It will also mean that in order to reach the highest classification in their profession, his most experienced auditors must leave the Office of the Auditor General.

This is the position as it stands. The Auditor General is denied the right to hire the staff he needs and to determine their salaries at his discretion. This makes it very difficult for him to find the qualified staff he requires and even prevents him from retaining the one he presently has. If these employees want a pay increase or an improvement in their working conditions or of their situation, to which every federal civil servant is entitled as would be any other employee of the private sector or of an other level of government, they have no choice but to leave the Auditor General's Office and seek another job in private concerns or in government departments.

I proceed with my quotation from paragraph 8 of the report:

> This action points up more clearly than anything else that if the Auditor General of Canada is to be truly independent he must be free to recruit the staff he needs and to determine their salary levels within the framework of the Public Service of Canada.

This is the situation, Mr. Speaker. Working conditions in the Auditor General's office are really difficult. Apparently it needs at least 28 or 30 officials to attain the necessary strength to perform worthwhile duties expected to be done within reasonable time.

Mr. Speaker, yet the Auditor General's office manages fairly well to audit all the departments' books. Maybe it does not work under the best of conditions but it succeeds just the same in making audits and in pointing out operating and management faults within these departments. Each year the Auditor General's report is studied by a committee especially set up for this purpose and whose chairman is chosen among the official opposition members so as to make it as unprejudiced as possible, it seems. In turn the Public Accounts Committee brings in each year several reports and makes recommendations to the government. But the government is reluctant to accept and implement these recommendations.

The report of the Auditor General for this year mentions at least 38 recommendations of the Committee on Public Accounts that still lie idle and have not been implemented. And one wonders whether the government or some of its departments have at least examined them.

Mr. Speaker, in view of this situation, we have no other alternative than to ask once more the Committee on Public Accounts to scrutinize the report of the Auditor General of Canada, to make once more to the government recommendations that it will deem fair and necessary. Let us hope that the next government whatever it may be will take steps to implement these recommendations and to grant the Auditor General of Canada and his staff all the freedom required to perform their duties adequately, for we hold the view that the office of the Auditor General of Canada is in a certain way the keeper of the nation's business. He has a duty to reveal publicly mistakes that have been made, to make suggestions and to trust that the government will correct the situation.

If you consider all the amounts that have been spent unnecessarily by the various government departments, you realize that millions of dollars have been spent uselessly. Here is one more reason to be concerned over this situation which has been recurring year after year without the government doing anything about it.

Once again, Mr. Speaker, I hope the government will give more special consideration to the recommendations made in this report, as well as to those of the public accounts committee.

Unless steps are taken, the Canadian public will increasingly lose confidence in this nation's administration, and this could have serious consequences.

To conclude, Mr. Speaker, I again urge the government to accept the Auditor General's main recommendation that he be given all possible freedom in the hiring of his staff, and at the same time, that he be allowed to keep the qualified staff which is now serving him , in the interests of highest efficiency.

• (1250)

[*English*]

Hon. C. M. Drury (President of the Treasury Board): Mr. Speaker, in rising to participate in this debate may I say that we welcome the motion for two reasons. First, we welcome its operative part, that part saying that this House reaffirms the fundamental principle of the Canadian constitution that parliament must control expenditures of public moneys. That is one part of the motion to which the government does and can fully subscribe.

Mr. Baldwin: It has a funny way of showing it.

Mr. Drury: Unfortunately, the motion is unsatisfactory in that it appears to have been based on a series of false premises. If it were in order to amend this motion, we would point out or propose some amendments which would correct the motion, instead of noting those items in the motion which, I suggest, are inaccurate, to say the least. I would, instead, suggest to the House that it note

the steps progressively taken by the House, largely inspired by the present government, for improving the flow of information to members and for improving substantially both the capacity and the ability of members of the House to give effective and adequate scrutiny to the accounts of the government.

Mr. Hees: The minister is a great comedian.

Mr. Drury: All this has been done in the name of reaffirming the principle stated in the motion, to which we all subscribe. Some of the steps which have been taken I will list now and I will speak on them at greater length later.

First, there is the new procedural system of supply. I was rather surprised to hear the hon. member for Peace River (Mr. Baldwin) speaking, apparently in entire ignorance of the improvements that have been made in the instruments for scrutinizing government accounts and plans. As a result, one must assume either that he was being eminently cynical or that he has been absent from the House for long periods.

Mr. Pepin: The second possibility can be discarded.

Mr. Drury: The first step, I suggest, to be considered is the new system of supply and the arrangements under which there is not only more extended House consideration of government programs and expenditures, but a much more effective and hugely increased ability on the part of members to scrutinize government proposals and proposed expenditures through the committee system.

Second, may I point to the revised form of the estimates. The estimates, as now put before the House, are in a form that is substantially different from that of a number of years ago. In this connection, the government has already expressed its appreciation of the very useful work and advice provided by the Public Accounts Committee in changing the form of the estimates and in making them much more informative and much more coherent, with the result that the ability of members to understand the real substance of programs and proposals is greater than it was in the past.

Mr. Baldwin: There is much more money in them.

Mr. Drury: The hon. member says there is much more money in them. That is true. He seems reluctant to recognize that Canada is growing, that things are growing bigger and faster.

Mr. Pepin: The hon. member is a true Conservative, two steps forward, three steps backward.

Mr. Drury: Mr. Speaker, I understand the hon. member's reluctance. Not only is he a member of the Progressive Conservative party, but appears to be somewhat more Conservative than progressive.

Another example of a measure for improving the ability of members of the House to understand and scrutinize and, consequently, criticize if they can the accounts of the government is that measure for providing substantial research resources to the various parties in the House. A substantial allocation of money is provided to each party, to enable the parties to inquire more fully and more profoundly and, consequently, more effectively into proposals put before the House by the government on behalf of the country.

I wish also to refer to a specific piece of legislation which is designed to improve the availability and flow of information to hon. members. My colleague, the Minister of Industry, Trade and Commerce (Mr. Pepin) referred to it a little while ago. I am referring to the recently enacted Statutory Instruments Act under which the government no longer, as it did in the past, is to make information available on a gratuitous basis. Now, the government is willing, and indeed insists, to being subjected to the statutory obligation to make information of the widest character available. In addition—

Mr. Baldwin: After one year, you have not even appointed the scrutiny committee.

Mr. Drury: Mr. Speaker, those are some of the steps which have been taken by the government, which reaffirm by statute and by action, and not by lip service, our belief in the principle which this motion calls on the House to reaffirm. If it were not that the opening words of the motion are inadequate and misleading, we should fully support the substantive part of the motion and, if it were in order, I would be glad to propose an amendment. However, I am advised that this would be out of order.

May I call it one o'clock, Mr. Speaker? I will deal at greater length and in greater detail later with some of the steps which I have just outlined.

Mr. Baldwin: The minister has just spoiled my dinner.

At one o'clock the House took recess.

AFTER RECESS

The House resumed at 2 p.m.

Mr. Drury: Mr. Speaker, at the time of the adjournment for lunch, I was mentioning some of the actions proposed to Parliament and some of the actions directly taken by the government to improve substantially the capacity of Parliament, particularly the House of Commons, to scrutinize in an effective way the programs and activities of the government. I indicated that I would make a rather more detailed reference to this in the current period. The first reference I would like to make is to the new system of supply which, as I indicated earlier, seems to have been imperfectly understood by the hon. member for Peace River in his speech proposing this motion. May I refer the House to a very excellent pamphlet entitled "How Your Tax Dollar is Spent, 1972-73". The first part of this pamphlet is entitled "Parliament is Supreme" and I suggest this conveys an understanding and a belief of the government.

• (1410)

In indicating the kind of new supply arrangements that have been adopted by the House, the pamphlet has this to say:

From Confederation in 1867 through to 1968, the Canadian House of Commons considered these estimates in what was called the Committee of Supply. This Committee was composed of all

members of the House and carried out its work in the Commons Chamber. Because only Members of Parliament are allowed to speak in the chamber, no outside witnesses or public servants could be heard or questioned. By the late 1960's, the Committee of Supply was sitting for 40 to 60 days each year, providing about 200 hours of study to the Government's expenditure plan.

The pamphlet then goes on to indicate the new system of reference of estimates to committees of the House for detailed scrutiny:

The Committees may, during their examination of the Estimates, call for the appearance of Ministers and departmental officials. They may also call for departmental papers and records to assist them in their examination. If a Committee wishes, it may hear witnesses from outside the Government who possess specialized knowledge and who can assist the Committee to evaluate specific programs.

The happy result of these new steps is this:

By the time the Estimates are reported to the House, the several Standing Committees have spent a total of about 500 hours in studying the Government's expenditure plan. This is more than twice as much time as was spent by the old Committee of Supply.

While the capacity of the House to examine Estimates has been increased, the ancient tradition has been maintained which guarantees members the right to express their grievances in the House of Commons before approving Government spending estimates. A total of 25 days each year is set aside for the Opposition parties to discuss matters of their choosing.

Then, finally:

It is fundamental to the Parliamentary system that the Government's programs be subjected to this detailed and public scrutiny, for it is in this manner that the public is informed each year about differing views on national objectives, and about issues surrounding the means the Government has chosen for achieving these objectives.

I have quoted at some length from this document because I think it describes in plain and simple language the increased capacity of the House to scrutinize the spending plans and programs of the government, and I suggest is a direct refutation of the notion in the motion that, owing to procedural inadequacies, the House has been stifled and its members are being denied the ancient opportunities they allegedly had for questioning, scrutinizing and criticizing the government's programs and spending plans.

On another aspect of this matter, namely the provision of effective information to the House, I made mention of the fact that in 1970 a new form of estimates was introduced to the House of Commons for the first time. This new form of estimates had been the subject of preparation within the government for some period of months, followed by discussion over a great many meetings with the public accounts committee, as a consequence of which some changes in the original government proposals were made, including those proposed by the committee and willingly accepted. This resulted in a new form of the estimates designed to provide more and better information to hon. members concerning the government's proposals for expenditures in the forthcoming year.

On the occasion of the introduction of these proposals, I said, as reported at page 3468 of *Hansard* for February 11, 1970:

The tabling of these estimates marks a major step forward in an endeavour by the government to improve the process of resource allocation and to better inform Parliament and the people of Canada of the objectives, operations and costs of the departments and agencies of government. The form of these estimates is radically different from that which has been followed for more than half a century. For the first time the expenditure proposals respecting departments and agencies are clearly formulated in terms of programs. The objectives and sub-objectives of each program are stated and the nature of the program further amplified through a description of the activities carried on in pursuit of program objectives.

I then said:

—I believe that the estimates in the form I am now tabling provide a clearer and more informative presentation than we have had heretofore of the proposed allocations of fiscal resources to the budgetary requirements of Canada.

This, then, Mr. Speaker, was another step in improving the ability of parliament to become aware in a meaningful way of the spending proposals of the government and to scrutinize them. I assume from his opening remarks that the hon. member for Peace River has not yet had time to study the new form in which the estimates are now presented. I received the impression from what he said that he was unaware of the change having been made in 1970.

A further measure introduced by the government for improving the capacity of the House effectively to scrutinize government spending programs, plans and policies was the introduction in 1968 of new, hitherto unavailable, research resources for each of the political parties in the House. In that year there was made available to all parties in the House, with the exception, at the outset, of the government party, funds with which to hire persons of the parties' own choosing, reporting only to them, in the field of research into government operations and activities. For the Conservative party, a sum amounting to $125,000 per year was provided; for the New Democratic Party $35,000 per year and an identical sum for the Social Credit party. Some of the remarks I have heard today indicate that these resources are, of course, being used.

It was not until a year later that a comparable sum was provided to members of the House on the government side. This was another measure through which the government endeavoured to improve the capacity of opposition members, indeed of members of the House generally, effectively to examine, scrutinize, and where necessary criticize, the operations, plans, proposals and programs of the government of the day in order to make sure that there is an adequate accounting, through parliament and its members, to the people of Canada.

• (1420)

This morning all members who spoke made reference to an observation in the Auditor General's report, which is the one under discussion here today, about the shortage in the Auditor General's staff and the causes therefor. This has been quite extensively discussed in the House on a previous occasion, and also in the Public Accounts Committee. Unfortunately, the report bears the date of February 29, which ante-dated the examination by the Public Accounts Committee of the current staff position of the Auditor General's office.

After some four meetings during which the Auditor General and myself made statements, the committee reported its conclusions to the House regarding staff shortages as follows:

Alleged Loss of Control of Public Moneys

The Committee has found that Parliament has provided the funds for the number of staff required by the Auditor General. The problem seems to lie in the difficulty of obtaining and retaining qualified staff to fill the approved positions.

The reasons for these difficulties are complex and will require further consideration by the Committee.

It has been suggested by both the President of the Treasury Board and the Auditor General that the solution lies in an Auditor General's Act.

This was the conclusion the committee came to and, as we all know, this was a committee under the chairmanship of a member of that party represented by the official opposition. It came to this conclusion after some considerable time spent on the matter. It would be rather simplistic to assume there were easy and fast solutions which were being withheld on the grounds of ill-will or some other undesirable motive. The committee agreed that the problem was a complex one and that there was no ready solution within the framework of existing legislation. It proposed that an endeavour should be made to find a way around this, under the terms of a new Auditor General's Act, which would serve the principal purpose of ensuring the independence of the office of the Auditor General and provide, hopefully, a solution to this particular problem. Had this particular inquiry by the Public Accounts Committee taken place at an earlier date, before the report which appears to be dated February 29, probably the wording which has been quoted in the press and here by some hon. members today would have taken a rather different form.

This does not alter the fact that there is a problem, or that the office of the Auditor General must be adequately staffed if it is to carry out the important functions with which Parliament has charged that office. We must have funds to obtain staff which is both adequate in numbers and in professional competence. We, on the part of the government, are prepared to do all we can to support that principle. One of the things in this regard is the production of a new act to be known as the Auditor General's act.

Hon. members are fairly familiar with the history of this matter. Some years ago, the government endorsed the suggestion that there should be an Auditor General's act, and that this office should be removed from the ambit of the Financial Administration Act. The willingness and readiness of the government to go the full length desired by Parliament in this respect has been reiterated in this House on a number of occasions by representatives of the government, including myself. Let me make reference to testimony I gave before the Public Accounts Committee on March 16, 1972. I quote:

Finally the Government has even been prepared to consider exempting the Auditor General entirely from all Treasury Board authority in the matter of budget and staff levels. In April 1970 I said this to the House:

"The Auditor General has made certain proposals which would assure his independence from the normal rules which govern the civil service, thus by inference further affirming his independence of the government. The Government has been prepared to accept the Auditor General's propositions, and indeed to go further than he proposed."

The Government stands by this position, and the alternative which I proposed in 1970 to achieve this end.

[Mr. Drury.]

I should like to reaffirm that the government will support and encourage the drafting of a new Auditor General's act designed to provide the independence to that office which is essential if the Auditor General is to carry out the functions given to him by Parliament. I am glad to say I have been informed that the Public Accounts Committee, which has been charged by the House with producing legislative proposals in relation to such a bill, has already appointed a sub-committee to initiate the work, and I understand this sub-committee is now at work. I suppose we must recognize here again the fact that, as the Public Accounts Committee earlier found, this is a complex question and one should not anticipate that either the House committee or the sub-committee will be able to solve all the problems in a matter of days or even weeks. However, one looks forward to the occasion when the committee will be able to produce a draft of a bill for presentation to and scrutiny by the House. I trust it will be rather more sympathetically received than the earlier one which was rejected by the official opposition without even an examination of the provisions of the bill itself, or indeed any consideration of the fact that the bill was merely a reflection of the proposals made by the committee, to which the official opposition provides the chairman.

Mr. Baldwin: Is that the one the government was driven to withdraw?

Mr. Drury: That is the one which was rejected without consideration by the official opposition.

Mr. Fairweather: And by every editorial writer in Canada.

Mr. Drury: Indeed, I want to make it quite clear that regardless of what was said and done, the opposition did ensure that no adequate examination of the bill ever took place. I hope next time the official opposition, which I am quite sure will be the same old gang, will be rather more objective and treat the bill, to be produced by the Public Accounts Committee, with more objectivity and sympathy than it did the earlier one. I suggest this indicates that this government, far from having devised procedures which stifle the efforts of Parliament to scrutinize and effectively understand and criticize the government's proposed expenditures, has not only proclaimed its belief in the supremacy of Parliament, but through the acts and actions I have outlined has substantiated this belief and given effect to its belief in concrete actions which thoroughly confound the proposition made in the opening part of the motion under consideration. We are unable to amend this motion and, even though we agree with the concluding words about re-affirming the supremacy of Parliament, because of the misstatements at the outset we are compelled to vote against it.

• (1430)

Mr. James A. McGrath (St. John's East): Mr. Speaker, again the Auditor General has drawn attention to the erosion of parliamentary control over the spending powers of Parliament. This type of erosion manifests itself in many ways. It is manifested in the instances cited by the hon. member for Peace River (Mr. Baldwin), and I

am sure we will hear more as the day progresses. We have heard of one form of erosion of parliamentary control over spending. This was dealt with by the Leader of the Opposition (Mr. Stanfield) in his speech of Monday, May 15, in which he drew attention to the increases in the income tax rate structure and allowances. It is to the control Parliament has over spending, particularly as this relates to the new rules affecting committees, that I wish to address my remarks this afternoon.

We have heard a good deal about reform of the rules of the House. The President of the Treasury Board (Mr. Drury) referred to the changes. This process of reform, which culminated in the changes of 1968, followed a study of the rules of the House by a Special Committee on Procedure. As a result of that study, the committees of the House were to assume a new and important function. That function arose largely from the fact that committees, as a consequence of the rule changes, would examine all legislation, with the exception of tax bills, and would examine all of the spending estimates of the House instead of this being done in the committee of the whole house which carried out this function before the rule changes.

There are 18 committees of the House. Most of these committees have the responsibility of examining spending estimates. The third report of the Special Committee on Procedure of 1968 expressed the hope that the reports of standing committees would assume a critical significance related more closely to the national interest as a whole than to simple political differences. The procedure Committee hoped as well that debate in the standing committees would be well informed and pertinent, and that their members would become influential in the areas of their specialized expertise. Unfortunately, that expectation has not been realized because the same rule changes which ended the power of the committee of the whole to examine spending estimates, also strangled the standing committees by rules which, to my mind, make examination of estimates totally ineffective and at best a frustrating exercise.

The main weakness of the new rules, so far as the responsibility of committees to handle spending estimates is concerned, is cited in paragraph 14 of Standing Order 58 which reads:

> In every session the main estimates to cover the incoming fiscal year for every department of government shall be referred to standing committees on or before March 1 of the then expiring fiscal year. Each such committee shall consider and shall report, or shall be deemed to have reported, the same back to the House not later than May 31 in the then current fiscal year.

Well, what that means, in effect, is that regardless of how many meetings the committees may have in the course of the examination of their estimates, and regardless of how many witnesses the committees may call in examining the estimates of the department before them, it is all a useless exercise because all of the estimates will be deemed to have been reported back to the House and passed by May 31 each year.

In reflecting on the workings of the committees of this Parliament, one might have the impression that the new rules are working well. For instance, it is interesting to note that in the first session of the present Parliament, 520 hours and 22 minutes were spent on examination of estimates. In the second session of this Parliament about the same time was spent on estimates. In the third session a total of 229 hours and 54 minutes were spent on the examination of the main estimates, plus another 43 hours and 46 minutes on supplementary estimates. In the fourth session, to date as of May 19, 195 hours and 47 minutes, plus 15 hours and 43 minutes were spent on estimates and supplementary estimates. This may seem like an impressive record until one examines the day-by-day workings of the committees.

First of all, a very dangerous practice has crept into the committee system, which I believe is illegal, whereby committees under the same rule changes which were brought in in 1968 are now permitted to sit and hear evidence without a quorum. This means that not more than half a dozen members, if indeed that many, were present during the majority of the time in which the committees studied and examined the estimates. Most of the committees have adopted a procedure, in order to get around this contradictory provision in the rules, which stipulates that at least five members be in attendance with at least one member from each of the main opposition parties. This, however, does not always work. Quite frankly, I find difficulty in understanding how a committee, which is supposed to be a microcosm of this House and which is supposed to reflect the rules and procedures of this House, can legally sit, conduct its hearing, hear witnesses and have all the paraphernalia for the recording and transcribing of evidence without having a quorum, because the committee would really not be legally in session. Most of the committees of the House require at least 11 members for a quorum. As if that were not bad enough, the new rule change to my mind makes the whole committee system a farce because it totally denies and eliminates any suggestion that the committee develop a spirit of collegiality and expertise in its particular field.

I refer to Standing Order 65(4)(b) which reads:

> Changes in the membership of any standing, joint or special committee may be effected by a notification thereof, signed by the member acting as the Chief Government Whip, being filed with the Clerk of the House who shall cause the same to be printed in the *Votes and Proceedings* of the House of that sitting, or of the next sitting thereafter, as the case may be.

• (1440)

But here is one rule that is abused. It should never have been placed there in the first instance, because now the government whips can, by use of their majority, replace members on committees from time to time without any notification. They can move in roving squads to bolster their majority on committees as the need may arise. These squads, which roam around from committee to committee, generally know little or nothing of what has been going on in the committee. Their sole function is to carry out the wish of the government majority, to ensure that the government majority functions in the committee, and to thwart the legitimate efforts of the committee members to study, to reach a conclusion and a resolution as a consequence of these studies. Is it any wonder, then, that the attendance in the standing committees of the House is so dismally low? Is it any wonder that the committees of the House meet with only four or five members present? I attended two committee meetings yesterday, and at no

time during the course of these meetings when estimates were being examined was there a quorum present.

Then, we have the scheduling of the committee meetings, which again defeats the very purpose of the system because a number of government departments are being examined in committees at the same time. This denies members of the House the right, and indeed the responsibility they have, to examine the estimates of the government. A random sampling of the *Votes and Proceedings* of the day indicates that next Tuesday six committees are scheduled to meet: the Committee on Agriculture, the Committee on Broadcasting, the Committee on Finance, Trade and Economic Affairs, the Committee on Labour, Manpower and Immigration, the Committee on National Resources and Public Works and the Committee on Regional Development. How can any member of the House conscientiously discharge his duties, be present and examine the estimates of the departments or present his grievances or indeed examine legislation when perhaps all of these committees are meeting at the same time?

It is not difficult to understand why the government invokes the use of Standing Order 65(4)(b), because without it they could not man the committees themselves. Too many committees meet at any given time, and there are not enough members at any given time to man them. There you see an example of the very concept of the new committee system—that is the concept of expertise in our related fields plus the concept of collegiality—being thwarted and defeated by these rules. Regardless of the rules, and regardless of what the President of the Treasury Board (Mr. Drury) may have to say, nothing that we as opposition members may say or do in committees will influence one single, solitary cent of government expenditures—

Some hon. Members: Hear, hear!

Mr. McGrath: —because immediately there is any suggestion of a legitimate cause for concern as a result of which a member may exercise his right to reduce the vote to a legal $1, you see the whips moving in, followed by the goon squad. Nothing we do in committees, and nothing we say there, has any effect on the spending estimates of the government. Is it any wonder then that the Auditor General did not dig deeply enough, because I suppose the terms of reference of the statute of that office did not require him to do so, but merely touched the surface? I think it is our responsibility to examine these rules as they affect the standing estimates of the House, and as they affect our ancient right and indeed our ancient responsibility, to examine these estimates and to vote supply.

Then, there is the matter of the manning of the committees. If the government was sincere and honest in its attempt to place a new emphasis on committees, to give committees a new role, then that sincerity would have manifested itself in some sort of compromise arrangement whereby members of opposition parties would be given an opportunity to chair these committees. What happens? Instead, the chairmanship of the standing committees of the House, with the notable exception of the Public Accounts Committee, is used as a consolation prize for those hon. members who have been here for a long time, who cannot qualify as parliamentary secretaries or who cannot qualify for any government largesse.

Mr. Baldwin: It does not take much to get into the cabinet today.

Mr. McGrath: As a result, many of the standing committees of the House are presided over by incompetent chairmen, such as the Regional Development Committee which is presided over by the hon. member for St. Boniface (Mr. Guay) who is not here today.

Mr. Bell: Explain.

Mr. McGrath: I will have more to say about that at another time on another day. These hon. gentlemen who have the responsibility of representing Your Honour, of making sure that the rules of the House of Commons are applied in committees which are supposed to be miniatures of the House, merely act as quarterbacks for the government.

Mr. Baldwin: Stooges.

Mr. McGrath: They merely act as those who run interference for the government. They assume the role of the defenders of the government when, in fact, their role should be that of the defenders of the minorities on those committees, just as Your Honour does in this House.

Some hon. Members: Hear, hear!

Mr. McGrath: We can point this out in debate after debate. The President of the Treasury Board referred in his speech to the opposition days that we now have under the new rules. Opposition days in no way replace the legitimate function of the House to examine and control government spending. All you have to do is to look around this chamber this afternoon to get a dramatic illustration of that fact.

Mr. Clermont: What about your side?

Mr. McGrath: I make no exceptions. It is no wonder that the members of this House are becoming cynical and lethargic with respect to their duties in the House because in fact, as the Prime Minister (Mr. Trudeau) said, we are practically nobodies. He said we are nobodies when the House closes, so we are practically nobodies when the House is in session because, although we are here, we have no power over government spending. Members of the opposition have lost their traditional responsibility to control government spending, and indeed the members of the government party who have traditionally had the responsibility of manning committees and being, like the official opposition, watchdogs of the public purse, have become cynical.

So, we have the rigid application of this rule whereby committees meet without a legal quorum and evidence is heard without a legal quorum. We hear reams and reams of evidence, we examine numerous witnesses, we crossexamine ministers and deputy ministers, all to no avail because the end result is always the same; the estimates are reported back to the House in the same form in which they went to the committees in the first place. If that is not

a useless, futile and frustrating exercise, I do not know what is.

Having said that, I am prepared to make a suggestion to the government. The President of the Treasury Board or his colleague can very well say that we concurred in these new rules. That is right; we did concur. All of the opposition parties concurred in the new rules, and I think in so doing we were led up the garden path. Now, we have had a chance to try out these new rules. Surely, it must be apparent to every member of the House, and it should be as apparent to the President of the Treasury Board as it is to the Auditor General, that these rules are not working. If the rules are not working, then we should be prepared to change them.

• (1450)

One way I would suggest that the rules can be changed to restore some semblance of responsibility to this parliament with respect to examination of estimates is to allow the Official Opposition party in the House, in consultation with the House leaders of other opposition parties, the right to call any three departments, and waive the provisions of that particular Standing Order which requires that all estimates will be deemed to have been passed by June 1 or May 31 as the case may be. Give that right to the opposition parties to call any three government departments, without any time limitations, and then you will see that public servants, ministers, deputy ministers and senior civil servants would become much more responsive to members of parliament. Every member of the House knows that since the implementation of these new rules, notwithstanding all of the new status symbols we may have achieved in the meantime, and notwithstanding the substantial raises in pay that we have achieved in the meantime, he is not treated with the same respect by members of the civil service and by members of the government. The senior civil servants and the members of the cabinet know that this House has no power to hold up estimates, is not able to change one, single cent of the government's spending program.

Is it any wonder, then, that the Auditor General should emphasize the seriousness of this matter? It is quite right and proper that the members—

The Acting Speaker (Mr. Boulanger): Order. I regret to interrupt the hon. member but his time has expired.

Mr. McGrath: I just want to finish my sentence.

Some hon. Members: Agreed.

The Acting Speaker (Mr. Boulanger): Does the House agree to allow the hon. member to finish?

Mr. McGrath: I merely want to finish my sentence.

The Acting Speaker (Mr. Boulanger): I must ask if the hon. member has unanimous consent.

Some hon. Members: Agreed.

Mr. McGrath: I merely want to commend to all hon. members the proposal put to the House today by the hon. member for Peace River (Mr. Baldwin), not in any partisan way. This resolution will not come to a vote. Hon. members will not be required to stand up and be counted. I ask all hon. members of the House to examine that proposal because I think it represents our last chance. If we do not restore to this parliament some control over government spending, then the people of this country have every right to question the existence of this institution.

[*Translation*]

Mr. Cyr: Mr. Speaker, I rise on a point of order.

The Acting Speaker (Mr. Laniel): The hon. member for Gaspé on a point of order.

Mr. Cyr: Mr. Speaker, the hon. member for St. John's East (Mr. McGrath) who has just sat down said in his remarks that the chairman of the Regional Development Committee, the hon. member for St. Boniface (Mr. Guay) was incompetent. As a member of that committee, I must say to this House that this accusation is false, and that the chairman of that committee discharges his duties very well and is very competent.

The Acting Speaker (Mr. Laniel): Order. The Chair is prepared to recognize the validity of the hon. member's remark, but—

[*English*]

Mr. Bell: Tell us about the unemployment in Gaspé.

[*Translation*]

The Acting Speaker (Mr. Laniel): Order, please. I must point out to the hon. member that the point which he is raising is purely a matter of opinion, and that he too will be able to take part in this debate, when he will have an opportunity to put his views forward.

[*English*]

Mr. Norman A. Cafik (Ontario): Mr. Speaker, the motion we have before us, put forward by the hon. member for Peace River (Mr. Baldwin), to me is like going elephant hunting with a flyswatter. I think clearly there are things that people might well complain about in respect of the observations of the Auditor General of Canada, but the motion before us does not touch in any way upon any of those issues. In my view this motion only brings to the attention of Parliament something that the Auditor General has commented upon, and which does not constitute any act of illegality on the part of the executive. I say this for a very good reason. The matter of Parliamentary control has been discussed at considerable length in the Public Accounts committee, and I would like to deal with the question in very specific terms.

The motion before us indicates that the government has evaded its constitutional responsibility and certain legal safeguards by allowing money to be carried over from one fiscal year to the next. It is suggested that there is something wrong in doing this, and that this parliamentary institution is opposed to this practice. As a basis for that statement, the Financial Administration Act is quoted. The Financial Administration Act is also quoted in the Auditor General's report, in particular section 20, but in case some people happen to take that report too literally I want to draw attention to the fact that it is not

section 20 but section 25 of the act which prohibits these moneys from being carried over from one year to the next.

My understanding of the law is that parliament is supreme, and that a specific act of parliament takes precedence over a general act of parliament. Upon that basis, I would like to review some of the specific observations that have been made. For example, vote L55 for the CBC is described as "Loans on terms and conditions approved by the Governor in council to the Canadian Broadcasting Corporation in the current and subsequent fiscal years for capital expenditures." A sum of $25 million is provided. This vote, approved by Parliament, rightly or wrongly, is an expenditure which could in fact by law be carried over to some subsequent year. If parliament has made a mistake, it is parliament's responsibility to say so, and correct it if it so chooses. However I do not find it—and I say this with all respect—within the purview of the Auditor General of Canada to say, as in effect he is saying, that parliament has made a mistake in approving that kind of estimate. If it did make a mistake this type of reflection on parliament should come from parliamentarians themselves.

The same thing applies to other estimates to which reference has been made, and so far as I know to all the estimates referred to in connection with the carrying over of expenditures. For instance vote L25 for the Canadian International Development Agency in the sum of $150 million clearly spells out that this money is for use in the current and subsequent fiscal years. Again, it is clear that parliament agreed to that particular approach. We can hardly blame the executive for acting upon the approval that was given to it by parliament itself.

The same is true, and in a more glaring way, with respect to vote 75 in the estimates of the Department of Transport. This is also cited in the Auditor General's report when he refers to money granted to the National Harbours Board. The vote here of $1,200,000 clearly indicates that this is the amount to be credited to the National Harbours Board special account, and is to constitute an absolute grant without interest. One can hardly blame the National Harbours Board for treating it as a grant when it clearly was a grant, and I presume if it was a grant that it was one without strings attached. One can hardly blame the executive for treating it as parliament said it should be treated.

• (1500)

One could go on and on. Vote No. 5 was discussed at length in the Public Accounts Committee because it is a provision whereby the Treasury Board sets aside moneys to look after retroactive pay increases that may be granted as a result of the unionization of public employees. This money is granted on an annual basis and carries with it, according to the vote, the right to carry that fund over for payment as a charge in the year in which it is granted. That is quite clear as far as the wording of the estimates are concerned.

On a number of occasions in the Public Accounts Committee I have stated that it may well be that Parliament does not know what it is doing, but one can hardly blame the executive for the stupidity of people in this House who now complain that we are doing what they authorized us to do. I do not know that it is the function of the Auditor General or anyone else to take members of this House by the hand and walk them through the estimates saying, "Gentlemen, you ought to know what you are doing before you vote." Clearly members ought to study these matters beforehand. It seems to me that the opposition might be able to tap some of the resource facilities given by this government in order to look into these matters in depth and express their objections, if they have any, at the time the estimates are discussed.

Some hon. Members: Hear, hear!

Mr. Cafik: It is clear that there is no act of illegality whatsoever. It is suggested that there is some violation of our constitution and that in some way we are circumventing the legal safeguards, but no one has bothered to point out what those legal safeguards are. If I were a member of the opposition involved drafting this particular motion—

An hon. Member: You will be.

Mr. Cafik: —I think I would pull out something a little more substantial. If you need any help, just let me know.

Mr. Paproski: Just look after the Pickering Airport.

Mr. Cafik: I should like to make a few general observations—

An hon. Member: The people in Pickering like you.

Mr. Penner: If you had more members like him in the opposition, you would be better off.

An hon. Member: He will be over here in the opposition next time.

Mr. Cafik: I had an opportunity to be in the opposition when I was invited by some members of that party, but using my usual good sense I declined.

I should like to underline the position that I have taken in the four years that I have been a Member of Parliament. I have always been a very strong advocate of the importance of the office of Auditor General of Canada. I concur with all members of this House who express this sentiment, whatever their party affiliation. I think it is unfortunate that so many of our provincial governments do not follow the lead of the federal government in having an Auditor General look after the public purse and draw important matters to their attention. I suggest that the Conservative party which introduced this motion might exercise some influence with provincial governments controlled by their party to see that this is done.

Some hon. Members: Hear, hear!

Mr. Cafik: I should like to comment on another matter raised by the hon. member for Peace River (Mr. Baldwin) today. I am sorry that he is not in the House but as happens on other occasions when we discuss the Auditor General, we find that he is very interested but noticeably absent. That is certainly the case in the Public Accounts Committee where he professes to know so much about it by remote control.

I sincerely believe that the Public Accounts Committee, comprised of members of all parties, has behaved as a non-partisan body. Members of the opposition and members of the government consistently have agreed to matters that might not be to their political advantage. I think the members of that committee were highly insulted today when it was suggested that in some cases they put partisan interest against the interest of the public whom we are elected to serve. That just is not true and I would not tolerate such an allegation against any of my colleagues, from whatever party they may come.

I think the motion before us has an unfortunate tendency to project the Auditor General into the political arena. I think this kind of debate also has a tendency to project within the Public Accounts Committee a partisan approach which up to now it has always avoided and which I hope it will continue to avoid. Pressures such as these undermine the public interest and the important and valuable work of the Public Accounts Committee. The committee has not yet studied the report that we have before us today in this motion. I believe it is only right that the committee be allowed to exercise its responsibilities in a clear and open way without interference and prejudgment in this House before it has fulfilled its responsibilities.

The hon. member for Peace River also indicated today that the government has failed to provide adequate staff and facilities to the Auditor General. That bogeyman has appeared before and has been dealt with rather effectively by the Public Accounts Committee, but I need only quote from the 1970 report of the Auditor General where at page 5 there appears the following statement:

> Although the Treasury Board has provided sufficient funds to employ the necessary staff with effect from April 1, 1971—

It is also an indisputable fact that the Auditor General has not presented estimates to the Treasury Board which have been turned down or revised downward. This being the case, I think it is quite irresponsible to make these charges when we have access to information which proves them unfounded. This type of argument is raised for strictly partisan reasons.

Some hon. Members: Hear, hear!

Mr. Cafik: The hon. member for Peace River also mentioned that there was at one time some discussion about the Treasury Board wishing to respond to each of the comments made by the Auditor General in his report. This was discussed at length in committee and many members felt it would be useful if the responsibility to do that were imposed upon the Treasury Board and the government of Canada. If this were done, then the committee would have access to both sides of the story before judging the importance of any item contained in the report. Surely any court of law or any kind of committee that is expected to pass judgment upon observations of such importance is entitled to all the relevant facts from all sources. This approach would expedite the work of the committee and make it more effective.

Mr. Speaker, the motion before us also talks about imperfect procedural structures contributing to the possible undermining of parliamentary control. I suppose anybody could support that part of it because nothing is perfect, in Parliament or anywhere else. All procedures are imperfect, but there is clearly a tremendous improvement over the procedures of the past. When I was first elected, the Public Accounts Committee spent a good deal of time going through the form of the estimates and revising them to make them more meaningful for those who would study them. This has resulted in more, not less, parliamentary control.

• (1510)

The motion says that Parliament must control the spending of public moneys. Clearly, parliament controls these expenditures.

Mr. Forrestall: No, not in all cases.

Mr. Cafik: No moneys are spent without the explicit approval of Parliament.

Mr. McGrath: Hogwash!

Mr. Cafik: Apparently one cannot satisfy hon. members opposite. The fact is that parliamentary approval is given for the spending of moneys, and no one can challenge that contention successfully. If I were asked to vote on the motion I would not support it. It says nothing about any obligation under our constitution and nothing about any legal safeguards concerning the spending of public moneys. The holding over of funds from one year to the next, whether that is advisable or not, is undertaken with the authority and approval of Parliament.

In conclusion, I reaffirm my belief in the importance of the Auditor General, in the importance of the Public Accounts Committee and in the importance of the right of Parliament to control government spending. This motion, however, represents a partisan step which is counter productive to our democratic system and does not touch the real issue.

Mr. Robert C. Coates (Cumberland-Colchester North): Mr. Speaker, may I take a moment at the beginning of my speech to comment on some of the statements made by the previous speaker. First, it is obvious that he came here only during the present Parliament and has not been a member of the House for any length of time, otherwise he would appreciate just how great in the past was the responsibility of Members of Parliament for the spending of government money and how small in comparison that responsibility is today.

Mr. Cafik: Mr. Speaker, would the hon. member permit a question? The hon. member said that at one time members had a great deal of control over government spending. It is true that I have been here for only four years and I make no apologies for that. May I ask this question: When the Conservative government was in power, can the hon. member cite me one example to show that members of this House changed one estimate put forward by the government of Canada? Can he offer one example to show that this happened in any previous period?

Mr. Forrestall: There are many instances of that. That was the wrong question to ask.

Mr. Coates: Mr. Speaker, I am not standing here with a resumé or list of such instances. After all, I did not know the hon. member would ask that question. I merely say that if he goes back and examines the record, he will discover that in the past members of parliament had a great deal more influence over government spending and government plans for spending than is the case at present. Before the rules were changed they had a great deal more influence.

Mr. Cafik: Mr. Speaker, the hon. member has not answered my question. I should like him to give an example of when this was done.

The Acting Speaker (Mr. Laniel): Order, please.

Mr. Coates: Mr. Speaker, I will not attempt to educate the hon. member on the facts of life.

Some hon. Members: Oh, oh!

The Acting Speaker (Mr. Laniel): Order, please. The hon. member for Cumberland-Colchester North (Mr. Coates) has the floor.

Mr. Cafik: You are not giving me the facts of life; you are only showing your particular prejudices.

Mr. Coates: Mr. Speaker, I harbour particular prejudices, as does the hon. member.

Mr. Cafik: Speak for yourself.

Mr. Coates: Everybody in this House harbours a particular prejudice. However, I suggest the hon. member ought to refer to the past before making his comments, especially since he does not know what he is talking about.

Mr. Cafik: Mr. Speaker, could I ask the hon. gentleman—

Mr. Coates: Mr. Speaker, I will not waste my time: only a short time is at my disposal.

Mr. Cafik: Why does the hon. member not answer my previous question and say something positive?

Mr. Coates: Mr. Speaker, I wanted to comment on some of the things the hon. member said which were incorrect. I did not want to get into a big argument. I am on my feet now and I will stay on my feet and make my speech.

Mr. Cafik: On a point of order, Mr. Speaker, since the hon. member has said that my statements were incorrect I should like him to substantiate that statement.

An hon. Member: That is not a point of order.

The Acting Speaker (Mr. Laniel): Order, please. That is not a point of order; it is merely argument or debate. I take this opportunity to tell hon. members that the hon. member who has the floor should be permitted to make his speech. He is not obliged to accept questions. Hon. members know the rules of the House. It is not by exchanges between hon. members that we shall make progress. Also, I invite hon. members to address their remarks to the Chair. In that way I think we will make more progress.

Mr. Coates: Mr. Speaker, I hope that all the time taken up with points of order and various other comments and questions will not be deducted from the time available to me.

May I put some facts on record that may be of edification to the hon. member. They have to do with government expenditures. We shall see whether they were authorized by Parliament or not. Let me cite one example for the hon. member. He may examine it and derive benefit from it. The net total of accepted incentive grants under the Regional Development Incentives Act to the end of 1971-72 fiscal year was estimated to be $233,301,493 according to the summary tabled by the Minister of Regional Economic Expansion (Mr. Marchand) on April 13, 1972. By that date, however, only $60 million or $70 million had actually been paid out. This means that DREE had entered into agreements with companies which would lead to expenditures of about $165 million beyond those approved by Parliament to that date.

According to the latest RDIA summary, the estimated value of accepted offers had risen to $250,110,024 by the end of April. According to information tabled by the DREE deputy minister, RDIA expenditures contained in the 1972-73 estimates would amount to about $125 million. Commitments to firms have thus already been made which exceed by about $50 million even the amounts contained in the estimates up to the end of March, 1973. The foregoing, Mr. Speaker, is an example of the government spending money that it had no authority to spend.

The hon. member for Peace River (Mr. Baldwin) and the hon. member for St. John's East (Mr. McGrath) dealt with two aspects of the Auditor General's report. I wish to deal with a third aspect, the spending of taxpayers' money, as outlined in the Auditor General's report, that has caused great damage. That money was spent without authority and in an incompetent manner; the government violated the trust given to it by the people of Canada.

Shocking revelations were made by the Auditor General, especially in the Department of National Defence, which lead to the inescapable conclusion that that department among the 27 departments of government leads the list by a country mile as the most glaringly incompetent, wasteful and inexcusably inefficiently run department in Canada. The excess of its collective incompetence almost requires a special auditor general to supervise its operations. Even worse than its operations are its decisions in the DDH program, the CF-5 procurement program and the mothballing of the hydrofoil *Bras d'Or*.

The gross incompetence of the department's decision-making and the magnitude of its blunders in these three spheres requires that action be taken by the government of Canada to determine exactly who is responsible for the incompetence. Is it the minister, the deputy minister and his officials; is it the chiefs of staff of this country or is it a combination of all three? Surely someone ought to be answerable to the people of Canada for the extravagant waste of money which has occurred year after year in that department. I do not know how much longer the people of Canada can be asked to put up with such incompetence.

Year after year the Auditor General presents his report, and year after year we see the catalogue of errors committed by the Department of National Defence. We have reached the point where a committee of this House has censured the officials of the department, yet the government has done nothing.

• (1520)

One would have thought that after the financial fiasco associated with the *Bonaventure* we could have expected an end to the type of incompetence and extravagance associated with Department of National Defence programs. But no; again in this year's Auditor General's report we have another catalogue of mistakes, failures and desperate estimates of costs of programs. There is an absolute and incomplete indifference on the part of the government and the Department of National Defence to do anything about the gross incompetence associated with the department.

I would like to give some specific instances of this incompetence. One is the destroyer deployment helicopter program. In 1966 we were told that this program was estimated to cost $145 million. In 1967 the cost had risen to $165 million, in 1967-68 to $192 million, in 1970 to $225 million, in 1971 to $252 million, in 1971-72 to $282 million and today we are told the estimate could run as high as $330 million. It has risen from $145 million to $330 million—and what do we get from the government? We do not get anything in the way of a reasonable explanation for the tremendous escalation in costs which the taxpayer is paying. This government goes blandly on its way with no apparent concern about the escalation in cost. This escalation in cost does not involve the helicopters that will be associated with destroyers. At the very minimum there will be eight helicopters, probably more. They each cost in the vicinity of $2 million; therefore you can add another $16 million to the estimate of $330 million.

The time has come for the question of Department of National Defence and the way it is run to be taken out of the hands of the Auditor General and placed in the hands of a special committee. I think the best group of individuals to do the job would be a committee of the other place. They have been able to examine many areas and various institutions in this country, how they operate, and what they do and whether they do it properly. They could make a determination of who is responsible for the incompetence associated with the revelations that have been provided year after year by the Auditor General.

It is obvious that this government pays no attention to the Auditor General. Year after year he tells the government the same story and they allow the same things to happen. No matter what the government is told by what organization, they allow the department to go on its merry way and make decisions that have no degree of sense, such as the hydrofoil program.

The hon. member for Dartmouth-Halifax East (Mr. Forrestall) pointed out to the government on numerous occasions, even before the Auditor General's report was made public, that these things were happening in the department. Surely some corrective action could have been taken by the government during that period, but nothing has been done. The record shows that the hon. member for Dartmouth-Halifax East has made the government aware of the scandalous errors in judgment within the Department of National Defence and the Department of Supply and Services regarding the destroyer deployment helicopter program.

Let us turn to the hydrofoil program. The Auditor General said in his report:

> Expenditure to May 31, 1971, totalled $51.1 million including $444,000 for the replacement of a foil which cracked during trials in mid-1969, in respect of which the Department of Supply and Services later concluded that it had no claim against the contractor. In October 1971 the Treasury Board approved an increase of $1 million to place and maintain the hydrofoil in a state of preservation from which it may be reactivated within the next five years, bringing the approved cost of the program to $53.2 million.

If this program was not going to be followed through by the government, it should have been killed a long time before $53.2 million was spent on it. When it reached the point where Canada had produced the fastest ship in the world, tested it, proven it to manoeuvre and do what modern warfare requires of a ship, the government should have carried through and concluded the program.

If the *Bras D'Or* were in operation today we would have much less trouble on the east coast with Russian trawlers moving into our territorial waters and interfering with our fishery. Surely the *Bras D'Or* could have been useful, outside of national defence purposes, on both the east and west coasts of Canada. What we have now is $53 million in mothballs. By the time the five years are up, the Department of National Defence will probably determine that it will be cheaper to scrap this hydrofoil and build a new one.

That is the sort of decision we have been constantly getting from the Department of National Defence. The time has come for that department to be examined in depth by independent people in order to determine who is responsible for the gross in competence so that the Canadian taxpayer has knowledge of who is continuously wasting his money. We have exactly the same type of story with the CF-5 program. There is no difference at all.

I now wish to turn to comments made by the Auditor General with regard to the guaranteed income supplement and a totally unrelated matter, concessions made to motor vehicle manufacturers, particularly the concession made to one manufacturer which I believe was in the neighbourhood of $6.3 million because that manufacturer did not come within the meaning of the Canada-U.S. auto agreement. As far as the guaranteed income supplement is concerned, the Auditor General said:

> The five per cent check made by the Department of National Health and Welfare in 1971 of 1970 income suggests that the annual overpayment may now have reached a total in excess of $9 million. On December 7, 1971, the Public Accounts Committee was advised that the check to be made in 1972 of 1971 income was being increased to ten per cent.

• (1530)

That means that twice as many public servants will be investigating, in effect, the old age pensioners of this country. For some time the hon. member for Dauphin (Mr. Ritchie) has been making effort after effort to find out why the Department of National Health and Welfare has been garnisheeing old age pension cheques in order to recover overpayments made to them. The hon. member

has been frustated because the minister will not answer his questions in the House.

What frustrates me and other members of the House is that we have discovered that most of the mistakes made on the cheques are not the result of misinformation or fraudulent information on the part of the recipients but miscalculations of staff of the Department of National Health and Welfare who have overestimated the payment a pensioner should receive. On discovering that an individual has been overpaid in this way, the department proceeds to garnishee his pension cheques for some time in order to recover the overpayment, which as I say has resulted from a mistake made by a departmental official.

Most of the cases that have come to my attention indicate that the mistakes were initially made by departmental officials, not by the recipients of the cheques. If the pensioner is in receipt of the guaranteed income supplement, then he is living on an income well below the poverty line. The department then tell such an individual that they are going to reduce even that minimum income because somebody in the office made a mistake and paid him too much. Whatever this individual receives in his cheque was needed by him because it was all he had to live on, yet the government reduces his payment to below that provided by the legislation, because one of its staff made a mistake that must be corrected.

When the government discovers that an automobile manufacturer in this country cannot qualify under the Canada-United States auto agreement, the government has no problem at all in forgiving the company $6.3 million that it owes the government. But the story is quite different if you are not a big automobile manufacturer but a poor individual. I contend that if such a mistake occurs through no fault of the recipient, the error should be forgiven in exactly the same way that the automobile manufacturer to whom I have referred was forgiven $6.3 million. What is good enough for an automobile manufacturer should be good enough for individual Canadians, especially those who are asked to subsist on old age security and the guaranteed income supplement.

I should now like to deal with another matter. It is a wonderful thing that this country does have an Auditor General. The hon. member for St. John's East pointed out during his speech ways in which Members of Parliament have been unable to get information that they require and to which they have the right. About 18 months ago I put a question on the order paper asking how much language training was costing the people of Canada. I put the question in a number of specific ways. One of the questions I asked was whether or not included in the cost of language training was the cost to the government of the period during which people taking language training were away from their jobs.

The Acting Speaker (Mr. Boulanger): Order. I regret to inform the hon. member that his time has expired. I have already allowed him an additional two or three minutes because of interruptions, but his time has expired by a minute or so.

[*Translation*]

Mr. Maurice Dupras (Labelle): Mr. Speaker, the motion introduced by the hon. member for Peace River (Mr. Baldwin), concerning public accounts is the type of motion we like to get our teeth into and dismiss for many obvious reasons. That should not be a problem with this one because it is so vague. However, those who had the floor before me, and especially the President of the Treasury Board (Mr. Drury) and the hon. member for Ontario (Mr. Cafik), dealt with various aspects of this motion with great eloquence and, for my part, I should like to refer to specific aspects of the said motion.

First of all, I should like to point out how little interest the Canadian people, and even the opposition members, seem to have in that motion, and the same lack of interest has been noticeable on several occasions. In fact, as late as last Thursday, during consideration of the report of the Committee on Public Accounts, two opposition members only were at the committee meeting.

So, I think today is no exception, Mr. Speaker, when we consider the scant interest shown by opposition parties towards this motion. However, I would be remiss in my duty if I did not mention that although the public gallery is very thinly crowded, it is nonetheless very distinguished and knowledgeable on the subject.

Mr. Speaker, earlier in the day, I heard my colleague from the Social Credit party opposite, state how the people of Quebec—I think he was referring to them since he speaks exclusively of Quebecers—had every right to be disgusted at the complete disregard shown by the federal government for the Canadian taxpayers' money.

The hon. member for Abitibi (Mr. Laprise) would probably wish to be more specific and state to what extent the Canadian people and the Quebecers would be disgusted if they could see how many members of his party attend the meetings of the public accounts committee. I am sure that most of these meetings are conducted in the absence of those members.

• (1540)

I think that if there were a cause for disgust by the Canadian people it would be at those parties that are totally unconcerned with matters of public accounts.

Mr. Speaker, in his preliminary remarks, the hon. member for Peace River (Mr. Baldwin) has made some derogatory comments on some committee members who allegedly show partisan tendencies or prejudices.

The hon. member for Ontario (Mr. Cafik) has asked for a correction or an apology and I repeat the hon. member's request that amends should be made. But I am sure we can rely on the loyalty and sincerity of all committee members and that any charge by the hon. member for Peace River should not be taken seriously since in the last 18 months he has attended only one committee meeting.

An hon. Member: Shame!

Mr. Dupras: In any case, he mentioned the difficulties that the Auditor General seemed to have in the staffing of his office and this has been for years the subject of debates that have gone on and on endlessly on this method of staffing. As late as last March, then, we were hopeful that once and for all we could deal with this question and settle the problem. On a motion from the Conservative party, we would have tried to hear the Audi-

tor General and the President of the Treasury Board to settle the question, to determine whether there was any possibility of improving the situation and to see who was responsible for staffing, how to retain the staff, and why the staff was leaving that office.

In answer to the question put to him on March 14 last, the Auditor General said that he wanted to specify to the members of the committee that he himself was preparing the credits for the staff to be recruited for the coming twelve months, and that he was entrusting the recruiting to the Civil Service Commission.

So the President of the Treasury Board has nothing to do with the recruiting of personnel, nor has the government any responsibility in that regard. But the fact remains that the Auditor General repeated again that recruiting was difficult because of conditions that were never made clear.

Mr. Speaker, it was noted at that time that civil servants had left the service of the Auditor General for undetermined reasons, and that failure to keep them had not only jeopardized the efficiency of his office but has also delayed preparation of his report.

We have tried to determine if those who had resigned were grade 4 or 5 employees, that is those who have heavier responsibilities than others and we have found out that 28 employees who had effectively resigned—some 30 persons had been mentioned—had less than two or three years of service and that among those who had several years of service, apparently only one had reached 20 years.

We have tried to determine whether there would not be some other procedure to improve the hiring of personnel but according to the information obtained, it seems that the employees are not so eager to work within a restricted field, namely the Auditor General's office and this for several reasons. One of the most obvious reasons is that there are fewer opportunities for promotion within a small office, while public servants are working in a much more extensive organization with 5,000 or 6,000 employees.

The acquired rights of these officials are for them very precious elements, and they are certainly very reluctant to remain, let us say, confined in a much more restricted service than the Public Service offers them. And naturally, promotion opportunities, in such a limited organization, are fewer and slower. People must show much more patience in order to get promotion or progress in their work.

Mr. Speaker, I too would like to deal a little with certain paragraphs that we find in the Auditor General's report, which has only been tabled early this week, and that the members of the House or those of the Committee on Public Accounts have not had yet time to examine.

But there are a couple of paragraphs that I would like to deal with, Mr. Speaker, and I think particularly of paragraph 142 which deals with frauds committed by people who are drawing old age security benefits. And I am sure that the term used is not the proper one.

During the examination of the 1969-70 report, we brought to the attention of the Auditor General the term "fraud" used to designate these amounts which had been paid to the people receiving unsolicited benefits. These amounts, obtained in an unpremeditated way and without the intention of defrauding the government, must be reimbursed. Paragraph 142 indicates that, out of a total of $1,039,000 accumulated over the past few years, $532,000 have been reimbursed to the federal government.

Sometimes, for one reason or another, a change may occur in the social condition of a person receiving benefits and render him ineligible to benefits. Then, when these overpayments are discovered, some time naturally elapses before the full amount owed is duly reimbursed.

Again, Mr. Speaker, we strongly object to the use of the term "fraud" when no fraud has been proved and notwithstanding a few possible cases of fraud I really feel that we should rather admire the honesty of the majority of Canadians who receive these payments.

Mr. Speaker, before closing I should also like to call the attention of hon. members to another paragraph, No. 124, dealing specifically with the setting aside of CF5 aircraft, the cost thereof to the Canadian government and the amounts that could have been saved by converting these aircraft, this equipment from bomber and observation aircraft to trainers.

There is a mention of an amount of $5 million which could have been saved. When aircraft of the CF5 type are designed for a very specific role, it is impossible for the Canadian government, the Department of National Defense to convert them economically into trainers because, since they were not designed for this role, the cost of conversion could considerably exceed the cost to the government of purchasing trainer aircraft instead.

This is therefore another paragraph which will certainly receive careful study and examination by members of the Public Accounts Committee.

Mr. Speaker, that will conclude my remarks.

[*English*]

Mr. Doug Rowland (Selkirk): Mr. Speaker, each year the Auditor General presents a report of considerable length containing numerous examples of improper use of public funds, inefficiencies and waste; and each year we in the opposition and those in the news media with much glee and gusto draw the attention of the public to the faults, foibles and worse perpetrated by public servants as revealed by the Auditor General's report. The government of the day is quite correctly held responsible for the waste the Auditor General reveals and almost invariably suffers politically as a result for a short time.

• (1550)

This annual exercise has by now almost become a spring ritual. It is useful despite this fact, because it encourages governments to be much more vigilant in their supervision of the expenditure of public funds than they otherwise might be in order to avoid as much opprobrium and ridicule as possible. However, with the exception of this case the annual spring ritual to me would seem to be largely beside the point.

The role of the Auditor General, as an officer of Parliament, is to provide parliamentarians with the expert assistance necessary to properly supervise government

expenditures. Public servants are human; they will commit their share of errors, follies and stupidities. Occasionally, and it is a tribute to the Public Sevice of Canada that the occasions are very rare, there will even be outright dishonesty. Governments, too, are composed of human beings who will seek ways and means to juggle accounts so as to make their performance seem just a bit better than it actually is. Thus, I believe that the most important function of the annual report of the Auditor General is not so much that of pointing out past errors as that of indicating how similar errors may be avoided in the future.

It is in that light that I say the most damning indictment of the government contained in this year's report is that the government has refused to act on a total of 38 recommendations, 31 by the Auditor General and seven by the Public Accounts Committee which were designed to increase government efficiency and to enhance the effectiveness of parliamentary supervision of the expenditure of public funds. Here the government was provided with expert, well considered and dispassionate advice on how to make better use of the tax dollar, and the government has chosen to ignore it.

Mistakes in public expenditure are always to be regretted and every attempt must be made to eliminate them. But because we are human beings, subject to error, we can forgive them. What I cannot forgive is a government's deliberate neglect of opportunities to reduce waste and error. This government, through the recommendations of the Auditor General's reports and the recommendations of the Public Accounts Committee, was provided with a golden opportunity to reduce waste and error in the use of the tax dollar and it chose to ignore that opportunity. That is unforgiveable.

My other major concern which arises out of this year's report of the Auditor General is the solid information it provides which indicates that parliamentary as opposed to governmental supervision of public expenditure remains woefully inadequate. Funds in massive amounts have even been spent in ways not authorized by Parliament.

An hon. Member: That is not true.

Mr. Rowland: It is true; it is in the report.

An hon. Member: Give us the examples.

Mr. Rowland: I do not have the report with me, but they are listed.

An hon. Member: I will pass it over to you.

Mr. Rowland: Pass over the report and I will cite the examples. Parliament traditionally serves three functions, the formation of policy, the raising of revenue for the purpose of implementing public policy and the supervision of the expenditure of the tax dollar. For various reasons, too well known to be gone into here, we can no longer expect the legislature to carry nearly as much weight as the executive or cabinet in the first two areas of policy formation and the raising of revenue. But surely it is legitimate to expect that the legislature do yoeman service in the supervision of government expenditures, and surely it is mandatory that every facility be provided for the efficient fulfilment by the legislature of its role in this regard.

Many suggestions for the accomplishment of this goal are contained in the neglected recommendations of the Auditor General and the Public Accounts Committee to which I have already referred. I would like to make three more suggestions. The first suggestion arises out of the fact that many government programs are now of such a nature that they involve commitments for expenditure in future years which must be honoured but which Parliament has no opportunity to examine in detail in advance or at the time of commitment. To be more specific, cash grants offered to private companies under the Regional Development Incentives Act are spread over a number of years. Certain amounts are paid out over a four or five-year period. Consequently, departmental expenditures on incentives in a given year, which are voted by Parliament, consist of two kinds: first, payments to companies on behalf of arrangements made in this same year; second, payments to companies under contractual arrangements made a year or two or three years before—contractual arrangements which Parliament is hardly in a position to repudiate.

The present system does not permit Parliament to exercise any control over this situation. Only a multi-year budgetary system could handle it. Alternatively, in recognition of the fact that we will not be getting the multi-year budgetary system, Parliament has the right to know what commitments are incurred by departments for future years. For example, the Department of Regional Economic Expansion has been refusing to reveal its commitments to companies for future fiscal years. It should be forced by Parliament to disclose that information, not only for the sake of the parliamentary process but for the sake of the Treasury Board in its attempts to justify the expenditure of public funds.

In fact, looking at the accelerated pace of DREE grants, especially in the last 12 months, expenditures in future years will escalate rapidly. It is estimated that at the present pace, in five years time the commitments may reach $1 billion annually. Does Parliament want that kind of expenditure, and indeed does government want it? Surely an opportunity must be given Parliament, through the devices I have suggested or through some closely allied approach, to answer these questions about DREE and indeed about other departments which are involved in programs requiring the commitment of funds for years in advance.

My second suggestion is that to complete the circle of Parliamentary supervision of expenditures, the Comptroller General should cease to be a public servant in the orthodox sense and become, rather, an officer of Parliament as is the Auditor General. The current, well defined division of duties between the Auditor General and the comptroller must be applauded. However, there would seem to be a curious lack of logic in not making the Comptroller General an independent officer of Parliament as is the Auditor General.

The comptroller's task is, after all, in the words of Norman Ward, "in essence to ensure that all money is spent as Parliament said it should be, in no larger

amounts and for no other purposes than Parliament approved." Computers, as the Glassco commission pointed out, have virtually eliminated the comptroller's actual accounting duties. The fact that the comptroller is not an officer of Parliament means that there is a break in the circle of parliamentary control of finance, a break which did not occur prior to 1931 when the Auditor General carried out a pre-audit of government expenditures as well as a post-audit as he does today.

The Auditor General may of course, and he does, include references to breaches of parliamentary instructions in his annual report. Such references have value but they are always after the fact; the discovery is always made when it is too late to do anything about it. An independent comptroller could challenge on the spot and force a ruling. The method of adjudicating potential disputes between the cabinet or the executive and the comptroller could be so established as to do no violence to the principle that the government alone is responsible for the use of funds. For example, the Minister of Justice could be made the arbitrator in disputes between the comptroller and the Treasury Board. The minister's decision would be final, thus ensuring no interruption of the operations of government, but subject to scrutiny and reversal by Parliament. Any such disputes, together with the decision of the Minister of Justice, could immediately be placed before Parliament and/or one of its committees, perhaps the public Accounts Committee, for consideration and report.

I am somewhat loth to begin an explanation of my third suggestion for improved parliamentary control over finances; it requires considerably more detailed presentation, in order to be fully understood, than the time available to me permits. But I will make a stab at it. I think Parliament needs to recreate a standing committee on estimates, not with a view to replacing the present practice of departmental estimates being referred to appropriate standing committees but with the idea of supplementing that practice. It would not be expected that such a committee would examine the estimates of all departments in a single year but, rather, go into detail with respect to a few departments each year with the hope perhaps of covering each department during the life of a Parliament.

• (1600)

On the surface, that may seem to be a useless duplication of effort already being made by existing standing committees, but a close examination will demonstrate that such is not the case. The hon. member for St. John's East (Mr. McGrath) devoted considerable attention to the shortcomings of our committee system with respect to the examination of estimates and I do not intend to repeat his arguments. The point I wish to make is that the customary practice in committees dealing with estimates is to question only those items which are increased or decreased drastically in any one year. Professor Hockin suggested as follows:

—this high-spotting of the estimates fosters a delusive sense of task fulfilment. It is based upon the Burkean fallacy that what is changed is worth scrutiny, what remains the same is not.

That is certainly not a principle which can be followed when examining government expenditures in order to determine the wisdom of those expenditures, because it is notorious that governments continue programs long after they become redundant. I am arguing that for Parliament to properly supervise finances, expertise among Members of Parliament of the business-budget analysis sort must be created. Because of other demands on their time, existing standing committees are unlikely to develop that kind of expertise.

I envisage an estimates committee as having the time and the single-minded purpose to devote time to developing some fairly concise concepts of the proper principles which should be employed to govern expenditures. Such a committee should devise a method of detailed and, more importantly, systematic examination of all estimates submitted to it. One of the main purposes of such an examination would be to reveal any breach of the principles governing expenditures which the committee has devised.

Such a committee should also formulate general and specific recommendations for the form in which main estimates are presented, in order to ensure that they can be easily understood by a layman, which most Members of Parliament are when it comes to looking at balance sheets, and to ensure that they facilitate parliamentary control over governmental expenditures. I could go on listing tasks which an estimates committee might usefully perform, but my over-all purpose is clear. It is to create expertise in the kinds of principles necessary to properly control government expenditures, expertise which at present does not exist or if it does exist, does so in only isolated circumstances.

Obviously, some overlap would be involved with the tasks of the Public Accounts Committee. Liaison between the two committees would thus be desirable and it could be accomplished, I suggest, by adopting the British practice of making the chairman of each of the two committees ex officio a member of the other and by having the comptroller and Auditor General available to each committee. Those are my three suggestions: a means of controlling commitments for future expenditure made possible by legislation but not requiring simultaneous parliamentary approval, making the Comptroller General an officer of Parliament, and creating a standing committee on estimates.

I hope hon. members will give the ideas some consideration because even though they might not in themselves provide all the answers it is obvious, on the basis of this year's Auditor General's report, that parliamentary supervision of government expenditures is totally inadequate; and if Parliament is to be a meaningful institution devices must be discovered quickly to improve that supervision.

[*Translation*]

Mr. Gaston Clermont (Parliamentary Secretary to President of the Treasury Board): Mr. Speaker, the mover insinuates that Parliament's control over government spending of public funds has decreased in the last few years, and this, for various reasons. I believe the contrary is true and I should like to quote certain facts in support of my assertion.

Since 1968, all government expenditures have been referred to one or another of the 16 standing committees of the House. This allows the committee members—and

on this point I disagree with the hon. member for St. John's East (Mr. McGrath)—to perform efficient work. This also enables them not only to question the ministers responsible for the various departments, but also their officials as well, and if they so desire, witnesses from the private sector, a practice which would be impossible if we still followed the former procedure of studying government expenditures in Committee of the Whole.

Mr. Speaker, referring to a study made by the Committees Branch, I see that during the second session of the 28th Parliament, 152 meetings were spent on the study of the various departmental estimates.

For the 4th session of the 28th Parliament, to May 25, 1972, 124 meetings were devoted to the study of various departmental estimates.

Over and above the committees which study estimates, we also have to consider the mechanism for checking expenses, which is the public accounts committee. This committee again considered the matter of checking public accounts last fall, on November 9 and 16, 1971, as is evidence in Issues Nos. 51 and 52 of the committee proceedings. On that occasion, the committee had the pleasure of hearing Mr. Balls, assistant deputy minister of the Department of Supply and Services, who informed us that as far as tabling public accounts for the year 1970-71 was concerned, the government had made a commitment, back in 1968, through the Minister of Supply and Services (Mr. Richardson), to table the Public Accounts of Canada on October 31 at the latest. This year, the three volumes were tabled, the last of which on November 4, 1971.

The Public Accounts Committee set up a sub-committee made up of a member from each party and representatives for the Auditor General, the Minister of Finance and the Minister of Supply and Services, to make a study in depth of the possibility of accelerating the tabling in the House of the public accounts of Canada.

Since 1968, as a result of the recommendation of the government, the Canadian Parliament has allotted funds to the opposition parties to retain the services of support personnel. The funds are allotted annually as follows: to the Progressive Conservative party, $125,000; to the New Democratic party, $35,000, and to the Social Credit Party of Canada, $35,000.

The Standing Orders of the House afford the opposition parties other opportunities to study the various departmental estimates. I refer here to Standing Order 58(3), and I quote:

(3) Opposition motions on allotted days may be moved only by members in opposition to the government and may relate to any matter within the jurisdiction of the Parliament of Canada and also may be used for the purpose of considering reports from standing committees relating to the consideration of estimates therein.

I will also quote subsection (5) of Standing Order 58:

(5) For the period ending not later than December 10, five sitting days shall be allotted to the business of supply. Seven additional days shall be allotted to the business of supply in the period ending not later than March 26. Thirteen additional days shall be allotted to the business of supply in the period ending not later than June 30.

Thus, Mr. Speaker, 25 days are allotted to the opposition.

[Mr. Clermont.]

I think the formula which consists in referring the study of government expenses to standing committees and, once those expenses have been made, to give them to the public accounts committee to consider, is a very satisfactory and very effective formula.

The hon. member for Peace River (Mr. Baldwin) said in his remarks on this motion that the government was unduly delaying consideration of the Auditor General's report.

Mr. Speaker, the Auditor General's report for the financial year ended March 31, 1970, was tabled in this House on June 4, 1971, and the House adjourned for the summer recess on June 30, 1971. The House reconvened on September 7, 1971, and on September 29 of that same year, it referred the Auditor General's report to the public accounts committee.

The committee started consideration of the report on October 14, 1971, held 17 meetings, and is now preparing its report.

Mr. Speaker, I will leave hon. members to decide whether the government unduly delayed consideration of the Auditor General's report.

Mr. Béchard: The opposition is not serious—as usual.

Mr. Clermont: The hon. member for Peace River as well as the hon. member for Selkirk (Mr. Rowland) who spoke before me referred to the 38 recommendations of the public accounts committee which, according to them, have been rejected or ignored.

• (1610)

[*English*]

A tabulation of these 38 recommendations indicates that the government has indeed responded to them, although not necessarily by acting in the fashion proposed. A substantial number of the issues have been subject to hearings before the Public Accounts Committee. I may say that in most cases these have satisfied the committee, because the subsequent reports of the committee have not raised the issues again.

I now refer to tabulations of issues and action taken. Many of these have been subject to lengthy debate. In this regard the committee has played an effective role and the procedure is not as ineffective as indicated. Mr. Speaker, the following is a summary of action taken on recommendations of the Public Accounts Committee: First, recommendations on which there has been specific comment by the minister involved, 14; second, recommendations on which there has been subsequent specific testimony by departments to the Public Accounts Committee without any new or changed recommendation by the committee, eight; third, recommendations on which departments have not been called upon to testify to the Public Accounts Committee but on which they have taken action which has not received publicity, three; fourth, recommendations which call for continued observation by the Auditor General of departmental practices rather than government action, one; fifth, recommendations subject to action re formulation of separate Auditor General Act, one; sixth, action could not be determined in time avail-

able since tabling of Auditor General's report, four; seventh, recommendations made too recently for action to be taken, seven. This makes a total of 38.

I will now list recommendations on which there has been specific comment by the minister involved. In regard to assistance to provinces by armed forces, the Auditor General's 1971 report states advice was given to the House by the Minister of National Defence in September, 1971, and by the Prime Minister in October 1971 of action taken by the government. Regarding indirect compensation to chartered banks, the Auditor General's report states that the Minister of Finance wrote the chairman of the Public Accounts Committee outlining the views of the department but the committee has not given consideration to these views.

In respect of awards under the Pension Act, the minister wrote the chairman of the Public Accounts Committee, January 17, 1972. On war veterans allowances the minister wrote the chairman of the Public Accounts Committee on January 17, 1972.

Then there are the following items: amendments to Customs Act and Excise Tax Act; possible loss of revenue when goods lose tax-exempt status; drawback paid on goods destroyed after release from Customs; tax exemptions for particular groups. In these respects the minister wrote the chairman of the Public Accounts Committee on April 20, 1972.

With respect to the audit of office of the Auditor General, the Minister of Finance wrote the Chairman of the Public Accounts Committee on January 26, 1967. The President of the Treasury Board confirmed this to the chairman of the Public Accounts Committee on December 9, 1971. Regarding the Standing Committee on Public Accounts, the Minister of Finance wrote the chairman of the Public Accounts Committee on January 26, 1967. On the cost of abandoned design plans the minister answered to the transport committee on May 25, 1972, which was yesterday.

As to parliamentary control of expenditures, the Auditor General's 1971 report states the President of the Treasury Board in December, 1971, informed the chairman of the Public Accounts Committee that the board was unable to see how its practices, sanctioned by parliament, weakened parliamentary control over expenditures. On the question of excessive advance payments under contracts, the President of the Treasury Board wrote the chairman of the Public Accounts Committee on December 9, 1971. Concerning delay in collecting sales tax, the Auditor General's 1971 report states that the minister advised the chairman of the Public Accounts Committee on November 25, 1970, that amendment to legislation forms part of department's legislative program.

I will now refer to recommendations on which there has been subsequent specific testimony by departments to the Public Accounts Committee without any new or changed recommendation by the committee: second-class mail—testimony March 11 and March 16, 1971; governor general's special warrants—testimony May 18, 1971; errors in Public Service Superannuation Act—testimony April 27, 1971; interest charges on loans to NCC—testimony May 6, 1971; loans and advances representing grants to Crown corporations—testimony May 6, 1971.

Then we have reconstitution of financial structure of National Harbours Board—Auditor General's report states that the Public Accounts Committee discussed the matter on May 13, 1971, with the National Harbours Board and Canadian maritime transportation administration, but no further recommendation has been made by the committee; co-ordination of research and development to industry—testimony November 4, 1971; provision of navigational aids without charge to users—department reported to Public Accounts Committee May 25, 1971, that it was negotiating overflight charges with the International Air Transportation Association.

I will continue, Mr. Speaker, because it was said by at least two hon. members that nothing was done with respect to the 38 recommendations of the Public Accounts Committee. I deal now with recommendations on which departments have not been called to testify to the Public Accounts Committee but on which they have taken action which has not received publicity: surplus assets disposal—heading here is not in keeping with committee's recommendation which deals with the costing of material inventories; the Treasury Board has given approval in principle to the establishment of a working capital advance for the purpose of costing and controlling Department of National Defence material inventories; proposed removal allowance—the Treasury Board is conducting a study into the feasibility of applying this recommendation to the whole of the public service and not just to the armed forces; increasing accommodation rental costs—the Auditor General's report for 1971 states that the Department of Public Works circularized departments in 1971 advising them that it would use 1972-73 as a pilot year to refine techniques with the intention, subject to Treasury Board approval, to commence charging for accommodation on April 1, 1973.

[*Translation*]

Mr. Speaker, this proves that one way or another the government has followed up on the 38 recommendations that the Auditor General's report contained and which some hon. members have talked about today.

In conclusion, I would like to refer to a remark made by the hon. member for Peace River to the effect that when he was chairman of the public accounts committee, the members of this committee acted in a non partisan manner. Since I was not a member of that committee while the hon. member was chairman, I am not in a position to make any remarks on its non partisan activity, but, if I consider his activity in this House, I cannot agree with him on the meaning of the term non partisan.

• (1620)

Mr. J. M. Forrestall (Dartmouth-Halifax East): Mr. Speaker, in the few minutes remaining this afternoon I shall not attempt to deal with the litany recited over the last 10 or 15 minutes by my colleague on the other side: it was very selective, but the fact is that the Auditor General made it perfectly clear that of the 41 items set out in his report, 31 have not been dealt with—and the recitation by the hon. member will not erase them. In recent years this government has paid little attention to the report of the Auditor General.

Alleged Loss of Control of Public Moneys

I should like to associate myself with the remarks of the hon. member for Peace River (Mr. Baldwin), the hon. member for St. John's East (Mr. McGrath), and in part with the remarks of the hon. member for Selkirk (Mr. Rowland). The motion before us reads:

> This House, noting the continuing erosion of Parliament's control over government spending of public moneys due to government evasion of constitutional and legal safeguards as noted in the 1970-71 report of the Auditor General, and due to imperfect procedural structure, reaffirms the fundamental principle of the Canadian constitution that Parliament must control expenditures of public moneys.

The remarks made this afternoon by hon. members opposite in an attempt to refute that motion have not been effective. I suggest that hon. members have no option but to support the motion. The Auditor General quite clearly pointed out many inefficiencies. I could recite the case of keeping open CFB Summerside in respect of which the Auditor General has clearly stated that money is being used for purposes not completely approved by Parliament.

The question of control by this House over the purse-strings of Canada is not an old issue, as was mentioned by my colleagues the hon. member for St. John's East and the hon. member for Cumberland-Colchester North (Mr. Coates). I have been here for only seven or eight years but have followed the procedures of this House with respect to control of government spending. It has been demonstrated, as these hon. members pointed out, that until this government started toying with our rules and procedures there was ample control over the expenditure of moneys by government; there was the power and procedure to deal with estimates. But that power has been taken away to the extent that now we have no way of influencing government spending. Even those of us who have been here only a short time are aware of this.

Questions such as the one put to the government by the hon. member for Cumberland-Colchester North, with respect to the St. Lawrence Seaway, impel me to rise this afternoon and express my concern. When the St. Lawrence Seaway was built in 1959-60 a very firm and clear undertaking was given to the ports of Atlantic Canada that it would pay its own way and would not be detrimental to the operations of the ports of Halifax, Saint John, and some of the lower St. Lawrence River ports.

We have not only the observation of the Auditor General in his most recent report for the year 1971 but we have other evidence to indicate that the government has failed utterly and miserably in this respect. It would appear that the St. Lawrence Seaway will be able to pay its way. The absence of control by this House over methods of correcting the situation is reflected in that failure. We have no control over government and there is no way that we can withhold money, for example, from the Minister of Transport. At the end of May the estimates will be passed whether we have seen them or not. Today it was suggested that two or three of them should come to the House. Whilst this is a good suggestion, it only goes part way.

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

Mr. Forrestall: No. Sit down, unless you have something useful to ask.

[Mr. Forrestall.]

Mr. Blair: I should like to inquire if it is the position of his party that St. Lawrence Seaway tolls should be increased.

Mr. Forrestall: As one of the members from Halifax said in the city of Dartmouth, I have noted on numerous occasions in recent years that the government said the seaway would not act as a detriment to our ports. I suggest that it has, and to that degree I am opposed to the existing subsidy by Nova Scotians to the St. Lawrence Seaway.

An hon. Member: The great white elephant!

Mr. Forrestall: What do we get when we need money? We are told that we are subsidized, but I say that Nova Scotia has been subsidizing Upper Canada for a number of years. I say that given a little control in this House over the way the government spends money, we might have resolved the St. Lawrence Seaway problem a long time ago without any detriment to the ports of Saint John and Halifax.

Mr. McGrath: Hear, hear!

Mr. Forrestall: Canadians in British Columbia, Newfoundland, Alberta, Saskatchewan, Manitoba—indeed everywhere—are picking up a debt of some $656 million. The tolls on the seaway do not even approach coverage of the interest. Who is paying for this? It is written off, according to the reply to a question of the hon. member for Cumberland-Colchester North regarding the situation at the end of this year. The official reply concluded with the statement:

> In 1970, the United States government revised the financial structure of the American counterpart to Canada's seaway authority, the St. Lawrence Seaway Development Corporation, so as to require the corporation to only cover annual operation and maintenance costs and repay the original capital costs of construction—accrued and future interest obligations were waived. This approach, along with other proposals, such as those contained in the Carr report, present themselves as possibilities for altering the present system of repayment of the outstanding obligations of the seaway authority.

Without some appropriate control over the method in which the government spends the taxpayers' money, I suggest that the motion of the hon. member for Peace River is correct and necessary. As things stand, people in Nova Scotia, Prince Edward Island, Newfoundland, British Columbia and elsewhere are being asked to pick up that debt. The government is saying that our friends to the south have an excellent solution which they will take as their own and which they have used as an official response to questions on this subject.

Seven years ago in this House I suggested that the seaway toll should be written off over a 75 or 100-year period. That would cover the cost of handling the money which represents a great debt in terms of interest only, not in terms of capital that has gone out. I suggest that is not fair to the people of the Atlantic area since over the years the effect on the ports of Saint John, New Brunswick, Halifax, St. John's, Newfoundland, and Corner Brook will be detrimental.

• (1630)

Further, I support the motion before the House because the Auditor General has once again found it necessary to remind us of the way this government had dealt with his staff, auditors and senior administrators. As has been said this afternoon, members of this House are obligated to that officer. We are obligated to do everything within our power for him in order that he may continue fulfilling that function which has been effectively removed from us.

I know the President of the Treasury Board (Mr. Drury) would like to take away the responsibilities the Auditor General has to this chamber. The minister has curtailed the responsibilities of the opposition. He has not been able to do that to the Auditor General and I hope he will not be able to in the future. If the Minister of Industry, Trade and Commerce (Mr. Pepin), the only minister in the chamber, is to speak later I hope he will comment on the paragraph in the Auditor General's report relating directly, I suggest, to the motion before us. Specifically, Mr. Speaker, I suggest that there are 35 references in Mr. Henderson's report dealing with the Department of National Defence and these references relate directly to the motion.

During the last three or four years the department has had no alternative but to plan its own demise as a result of a frozen defence budget. I suggest that a minister owes it to the armed forces and members of this House to say how the government intends to unfreeze the defence budget so that those errors, omissions and infractions about which the Auditor General spoke can be overcome within the Department of National Defence. Many of that department's troubles have resulted from inadequate funds.

The government should make clear the procedures it intends to use to restore to this chamber its previous rights. Hon. members ought to be able to discuss government spending fully and their views ought to be given teeth. Only then will we get back on track, and only then can members advise, scrutinize and give consideration to the spending of taxpayers' dollars before they are wasted. I submit the motion is supportable. Anyone who has been in this chamber for more than two or three years cannot take any position other than that suggested in the motion.

The power and authority of this House over spending has been eroded. Those are not our words, they are words which have been analysed and spelled out clearly by the Auditor General. I think we all owe to that officer the support which this motion implicitly gives him, no matter whether it comes to a vote or not. I suggest that government supporters, if they have retained any influence in caucus, ought to persuade their ministers to support the Auditor General. They, too, are under that obligation, an obligation which is implicit in the words of the motion moved by the hon. member for Peace River. If we fail to support that officer, programs like the St. Lawrence Seaway may be thrust upon us without adequate examination or opportunity for meaningful scrutiny by this chamber.

At present, although we can ask questions and make our views known we are not given power. We on this side ought to be able to hold up the expenditures of one or more departments. At least it should be two or three and preferably that power ought to extend to all departments of government. After all, that is why we are here. We are not here to do the government's work; we are here to check on the work of government.

In recent years this chamber has become nothing but a housekeeping institution. The committees are housekeeping institutions. If a committee wishes to impress its point of view on the government, there is no way of doing it. The same can be said of this chamber. For these reasons, if the matter came to a vote I would wholeheartedly support the motion.

[*Translation*]

Hon. Jean-Luc Pepin (Minister of Industry, Trade and Commerce): Mr. Speaker, I rise before this large audience, not to make a very important speech from the philosophical or constitutional point of view nor to deal with the rights and duties of Parliament and of the Auditor General.

From the philosophical point of view, I have only one remark to make: it is human to err and the government of Canada has certainly made mistakes, as have the governments of all other countries, which does not mean that all governments are bad but only that some are worse than others.

Therefore, I do not rise to deal with very elevated subjects. I simply want to make a very modest contribution to political science students in the country who, reading the report of this afternoon's proceedings, especially the remarks made by hon. members of the opposition, might think that everything the Auditor General has revealed is catastrophic in nature and conclude that Canada has the worst government ever since the remote times of Roman history.

—Then I shall simply deal with cases regarding my department and this, again, as a contribution to political science in Canada. I shall quickly go over the Auditor General's criticisms against my department. I had this study made only today. It is pretty sketchy but I want to give it to the House anyway. At page 87—

[*English*]

In paragraph 87 there is the heading, "Failure to collect revenue due to the Crown because of inadequate control over contracts." Mr. Speaker, under this heading the Auditor General observes that many of the DIP contracts—Defence Industry Productivity— contained repayment provisions and that the department had not followed up to collect moneys due. His current comment deplores the lack of action on the part of the department in following up. The reasons for delay in following up were explained to the Public Accounts Committee last November. Action was initiated last September and progress was reported to the chairman of that committee by the minister, by myself, last May.

Here is a situation which has repeated itself on a number of occasions. The accusation has been made. The minister has confessed and atoned, but the accusation is repeated. No absolution is given, notwithstanding contrition. The sinner is reminded of his sin year after year even if he has confessed, made amends and paid in lost pride. That is the first case deplored by the Auditor General.

• (1640)

I said I was making a contribution to students of political science in Canada. The second case, paragraph 88, concerns grants to the Standards Council of Canada. The Auditor General here considers that the unspent portion of the grant to the Standards Council should have lapsed at the end of the fiscal year. He very sweetly says that this is an "opinion". It just so happens that we in the Department of Industry, Trade and Commerce obtained legal advice and got a different opinion. This being a grant, the opinion given to us was that the money belonged to the Standards Council of Canada. It not being an agent of Her Majesty it is not subject to the lapsing provisions of section 30 of the Financial Administration Act. The Auditor General has some lawyers on his side, we have some on our side, and that is all there is to it.

Paragraph 89, "Taxation of recaptured capital cost allowance with respect to vessels sold": this is a complicated matter. One aspect has to do with the administration of shipbuilding provisions in the Income Tax Act and in my own departmental subsidy program. It so happened that one agency of the Crown purchased a ship. It asked for the subsidy and we gave it under the provision of the law, notwithstanding the fact that it was a corporation of the Crown. The purpose of the law is to create employment in Canada. That corporation is free to go wherever it pleases to buy a ship. If we want to prevent a corporation of the Crown from buying a ship elsewhere than in Canada, we have to provide the normal subsidy to the agency of the Crown as we would to a private individual. That covers the third item.

The fourth item has to do with concessions made to motor vehicle manufacturers. The Auditor General observed that one major manufacturer did not meet the conditions of a conditional remission order. The manufacturer became liable for duty and sales tax amounting to $6 million. This amount is not included in the accounts receivable of the Department of National Revenue and that department states that it expects the debt to be forgiven. The failure was of a technical nature related to the Canadian value added in vehicles manufactured in Canada. The manufacturer concerned more than compensated for this deficiency by the export of automotive parts and hence met the over-all objectives of the automotive program. An order in council regularizing the situation has been promulgated.

In this case one has a choice between using the letter of the law and the spirit of the law. It is not always easy to decide. Had we made a strict interpretation of the law and the regulations, we probably would have been accused by the opposition of presiding over the failure of that company, depriving people of their employment. We decided to be intelligent about this, use our heads and we now stand to be chastised by the Auditor General for having done so. I suggest that the opposition would have done as we did. When you read the Auditor General's report it sounds nasty, awful, crooked and immoral, but I am telling hon. members the truth and leave it to them to judge.

Mr. Bell: You have a guilty conscience.

Mr. Pepin: No, not at all. I feel I am making a little contribution to political science and public opinion in Canada. I have not done so for at least a few days; this afternoon before five o'clock is not a bad time or a bad place to do so. If I am showing excessive modesty, it must be because of the limited number of members sitting opposite.

Paragraph 152 is another case, a rather complicated one. I answered this question this morning. The Auditor General observes here that in the case of the machinery program there has been a departure from normal practice in that the names of companies receiving remissions have not been shown in the public accounts.

The practice followed in 1971 is the same as that followed in previous years. The order in council numbers are shown in the public accounts report. There are approximately 17,000 remissions per annum. To publish them in the public accounts would be impractical. Company names and amounts can be obtained from the order in council concerned, which are in the public domain. We believe the practice to be consistent with the requirements of the Financial Administration Act.

This is a straight formality. Presumably the Auditor General would have liked us to publish the 17,000 names in the public accounts. We think this would unnecessarily crowd the public accounts. We publish in the accounts the number of PC orders, and these are available. I presume that someone reading these accusations might think that there is something devilish, "nasty, brutish and short" about what we have done here. Such is not the case.

I wish to draw another example to Your Honour's attention. I know that Your Honour is also a student of political science. Paragraph 166 has to do with the cost of unused space in Montreal, Quebec and Toronto, Ontario. The Auditor General observes that the closure of design centres in Montreal and Toronto cost the Crown $150,700 and $9,100 respectively in non-productive costs. This is under the design program of my department.

The design centres were open in Montreal and Toronto for a number of years. At first they were relatively well attended. However, public interest decreased and when we cost-benefited the whole thing it was found that every person visiting the design centre cost the government $5. It was decided that this was not very practical and the design program of my department was reoriented. It is now aimed at developing design in the manufacturing sector as opposed to educating the public sector as to its importance.

When the decision was made it was well known that the closure of the design centres would cost $150,000. The decision was made bearing this in mind. There was nothing "nasty, brutish and short" about that particular decision.

Paragraph 260 concerns advances, loans and investments, domestic, miscellaneous, loans to manufacturers re defence plant modernization. The situation here is that defence manufacturers are eligible for loans to purchase machinery for plant modernization. When a manufacturer defaults on repayment, the machinery is repossessed and the loan is extinguished. The Auditor General observes that equipment was repossessed and yet is still shown as a receivable in the public accounts.

The reply is again simple. In all but one case the department has been able to sell the repossessed machinery for the amount owing: in all cases except one we have been able to repossess and sell. It is quite normal, then, to treat a repossessed machine as something which is saleable. We consider it to be an asset. It would be misleading to the public to write the equipment concerned down to zero when there is every expectation of recovery. There is no provision in the government's accounting system to show an asset at market value. The least misleading approach is to show it as a receivable. Equipment not sold after one year is written off.

That is my contribution. I have just dealt with most of the items in the Auditor General's report that pertain to my department. I agree that it has been a skimpy explanation. I am just trying to demonstrate that when reading these accounts one should not hit the roof each time he sees an item. I am not generalizing; I am being very objective. I am just saying that these condemnations or observations should be placed in the proper context. I have tried to demonstrate that this afternoon so that students of political science now and in the future will not think that this government has no respect for efficiency and responsibility.

• (1650)

Mr. Thomas M. Bell (Saint John-Lancaster): Mr. Speaker, this debate is drawing to a close, and I think it has been a very good one. I want to pay tribute to the Minister of Industry, Trade and Commerce (Mr. Pepin) who has just resumed his seat. I think he did what the Auditor General has been trying to do for years; he got to his feet and explained the items that affected him. He told us of his problems and his difficulties and in some cases he asked forgiveness. As one member of the opposition, I felt he was most constructive and I congratulate him. He dealt with about six items. And six from 41 leaves 35; therefore I hope he will prevail upon his colleagues to do what he has done. If so, then the Auditor General has done his job and we in Parliament have done our job.

I think the government has approached this matter in the wrong way and has done so from the beginning. The present Auditor General has criticized former governments, not out of a sense of partisanship but because it is his duty under the law to bring these criticisms forward.

In closing, I think we have had a good afternoon and that the minister deserves credit for what he did. I only hope that his colleagues in the cabinet; some of whom are affected more seriously than others, will do what the minister did. I also hope that more than political scientists will follow this debate and pay attention to the confessions the minister has just made.

[*Translation*]

The Acting Speaker (Mr. Boulanger): Order. Proceedings on the motion before the House have expired, in accordance with the provisions of Standing Order 58(11)—

[*English*]

Accordingly, this House stands adjourned until Monday at two o'clock p.m., pursuant to Standing Order 2(1).

At 5 p.m. the House adjourned, without question put, pursuant to Standing Order.

HOUSE OF COMMONS

Monday, May 29, 1972

The House met at 2 p.m.

• (1410)

ROUTINE PROCEEDINGS

THE LATE DUKE OF WINDSOR

EXPRESSIONS OF SYMPATHY AND CONDOLENCES

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, it is my sad duty to inform the House officially of the death yesterday of His Royal Highness the Duke of Windsor.

[*Translation*]

In view of the very great affection many Canadians bore the Duke of Windsor and the enthusiasm with which they always greeted his visits to us as Prince of Wales, I have sent the following message to Her Majesty the Queen's private secretary:

[*English*]

I should be grateful if you would convey to Her Majesty and other members of the Royal Family this expression of sympathy on behalf of the government of Canada and all Canadians on the death of His Royal Highness the Duke of Windsor.

His Royal Highness occupied a very special place in the hearts and imaginations of Canadians who displayed their affections openly during his visits to Canada as Prince of Wales. On those occasions the personal warmth and youthful spirit of the man were communicated vividly to the people of this country. All Canadians and especially those who remember him in that role now grieve at his death.

I humbly request that Her Majesty extend to the Duchess of Windsor our heartfelt condolences on this sad occasion.

[*Translation*]

Mr. Speaker, I have not the slightest doubt that all hon. members will wish to subscribe to this message of sympathy.

[*English*]

Hon. Robert L. Stanfield (Leader of the Opposition): Mr. Speaker, may I associate myself and my colleagues with the expressions of grief and the condolences which the government has extended to Her Majesty the Queen and to the Duchess of Windsor.

As the Prime Minister has said, the Duke of Windsor had a long association with Canada as Prince of Wales and was held in great personal affection by the people of Canada. I therefore wish particularly to associate myself and my colleagues with the condolences the Prime Minister has expressed on behalf of the people of Canada.

Mr. David Lewis (York South): Mr. Speaker, the cable which the Prime Minister sent was so well phrased that it said everything that needed to be said. I merely wish to join my colleagues and myself in the message of condolence to Her Majesty and to the Duchess of Windsor.

[*Translation*]

Mr. C. A. Gauthier (Roberval): Mr. Speaker, we want to join the right hon. Prime Minister and all members of this House in presenting our most sincere condolences to the Royal Family on the occasion of the death of the Duke of Windsor.

Upon someone's death, we attempt a retrospective glance at his life. The memories we do retain of the Duke of Windsor are of his loyalty to his country, the forthrightness of his decisions and above all his sincerity towards himself. Such are the most outstanding qualities which specially characterize him.

[*English*]

Mr. Gleave: Mr. Speaker, I rise on a point of order. Before we leave motions, is the minister in charge of the Wheat Board not going to make a statement on the announcement of the government that it has decided to purchase 2,000 hopper cars at a cost of $42 million—

Mr. Speaker: Order, please. That is not a point of order. If the hon. member wants to ask a question, he may ask it during the question period.

* * *

PUBLIC ACCOUNTS

REFERENCE OF AUDITOR GENERAL'S REPORT FOR YEAR ENDED MARCH 31, 1971, TO STANDING COMMITTEE

On the order: Government Notices of Motions:

May 25, 1972—The President of the Privy Council:

That the Public Accounts for the year ended March 31, 1971 and the Auditor General's report thereon be referred to the Standing Committee on Public Accounts.

Mr. Speaker: Pursuant to section 2 of Standing Order 21 this government notice of motion stands transferred to and ordered for consideration under government orders at the next sitting of the House.

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Questions

VICTORIA WOOD DEVELOPMENT CORPORATION—LEASE OF LAND

Question No. 7—**Mr. Ryan:**

1. Was a lease obtained for 7.8 acres of CNR land at the South-east corner of Danforth Avenue and Main Street in Toronto and, if so (a) how was the lease obtained (b) what was the date of commencement of the lease (c) for what purpose was the lease obtained (d) who obtained the lease?

2. (a) Did the lessee pay a lump sum for the right of obtaining the lease (b) what were the original terms of the lease (c) have any assignments and amendments been made and, if so, what are they?

3. Did Victoria Wood Development Corporation Limited sign a document that gave it lease-rights for the land on which Main Square Development is located and, if so, on what date?

4. Is the lease renewable and are the terms of the lease re-negotiable upon the initiative of the CNR?

5. Did CMHC put a value on the lease held by Victoria Wood and, if so (a) what was the value (b) who determined the value (c) what criteria determined the value?

6. (a) Did Victoria Wood apply to CMHC for a loan for its Main Square Development and, if so (i) what was the date of the application (ii) on what date were indications given that the loan would be approved (iii) on what date were the loan commitment papers signed (b) was an existing building mortgage registered against the land by any private interest or was any commitment to make such a loan outstanding (c) in calculating the amount of the loan, what amount of equity, apart from the lease, did CMHC consider Victoria Wood to have in the project and what was the form of this equity?

7. What were the construction costs for Victoria Wood's Main Square Development?

8. What stage of development was Victoria Wood's Main Square project at when it applied for assistance under the innovative housing program and what were the criteria upon which the corporation was made eligible for assistance?

9. What stage of development was Victoria Wood's Main Square Development at when the commitment papers for its loan from CMHC were signed?

Mr. J. A. Jerome (Parliamentary Secretary to President of the Privy Council): I am informed by Canadian National Railway and Central Mortgage and Housing Corporation as follows: 1. (a) In January 1966 the Railway, pursuant to its usual practice, invited proposals by public advertisement for the development of 7.848 acres of railway land at Danforth and Main Streets, Toronto. (b) January 1, 1968. (c) A high rise apartment development with commercial element. (d) Victoria Wood Corporation Limited.

2. (a) No. (b) It is not the practice of the Railway to disclose terms and conditions of transactions with other parties. (c) No.

3. Yes. January 1, 1968.

4. The lease is not renewable but the rental thereunder is subject to review by the Railway at various periods throughout the lease term.

5. Yes. (a) $1,000,000. (b) The valuation resulted from an appraisal made by a private firm of professional appraisers and was supported by a CMHC appraisal. (c) Normal appraisal methods and techniques were applied in determining the leasehold interest of Victoria Wood.

6. (a) Yes. (i) December 10, 1969. (ii) Statement of intent to make loan issued May 22, 1970. (iii) July 16, 1970. (b) A building mortgage was not registered against the Main Square land at the time the CMHC solicitor searched title prior to registering the CMHC mortgage, nor was CMHC aware of any prior commitment by any other lender to finance the project. (c) Victoria Wood equity consisted solely of its leasehold interest in the land.

7. CMHC estimated the building costs to be $13,892,460.

8. At the time of the announcement of the innovative programme, the Main Square Development had not proceeded beyond the stage of presentation of plans in support of its application to CMHC for a loan. The Major criteria considered by CMHC were: (a) Good location in relation to public transportation and amenities. (b) Favourable rental structure. (c) Comprehensive nature of development which includes residential, commercial and recreational elements. (d) Early start capability.

9. See 8 above.

[Mr. Speaker.]

CMHC—STUDIES BY PROFESSORS CHARNEY, CARREAU AND DAVIDSON

Question No. 415—**Mr. McCleave:**

1. What terms of reference were given to Professors Charney, Careau and Davidson of the University of Montreal by Central Mortgage and Housing Corporation or by any task force set up by that Corporation?

2. What were the qualifications of each for the assignments they undertook?

3. What payments have or will be made to each?

Hon. Ron Basford (Minister of State for Urban Affairs): 1. In March, 1971, the Task Force on Low Income Housing commissioned Professor Melvin Charney, in collaboration with Professor Serge Carreau and Professor Colin Davidson to carry out a study, the terms of reference of which involved an investigation of the problem areas in the production and adequacy of low income housing, including such matters as supply factors and the capability of the industry, levels of productivity, quality and maintenance of stock, demand factors, patterns of need, and utilization.

2. Qualifications: Melvin Charney, M.R.A.I.C., Professor, School of Architecture, University of Montreal; Serge Carreau, M.R.A.I.C., Associate Professor, University of Montreal, consultant on community housing systems; Colin Davidson, M.A.R.I.B.A., Associate Professor, University of Montreal, consultant on industrialized building systems.

3. Professor Charney was paid a total of $30,552.14, and out of this sum payments were made by him to Professors Carreau and Davidson.

NATIONAL DEFENCE—CATERING SERVICES FOR NEW HEADQUARTERS

Question No. 532—**Mr. Orlikow:**

Has a contract been awarded for the provision of cafeteria catering services at the new NDHQ in Ottawa and, if so (a) was this contract the subject of public tender (b) did the lowest bidder receive the contract (c) what was the amount of the lowest bid (d) if the lowest bidder was not awarded the contract, for what reason?

Mr. J.-R. Comtois (Parliamentary Secretary to Minister of National Defence): No, there was no public tender for a

contract for the provision of cafeteria catering services at the new National Defence Headquarters Building in Ottawa. The cafeteria will be operated by the Administrative Unit of the National Defence Headquarters. (a), (b), (c) and (d) not applicable.

COST OF PUBLICATION "HOW YOUR TAX DOLLAR IS SPENT"

Question No. 553—**Mr. Crouse:**

1. How many books entitled, "How Your Tax Dollar is Spent 1972-73", under the signature of Hon. C. M. Drury, were printed?

2. How many of these books were distributed?

3. What was the cost to the government of printing this book?

Hon. C. M. Drury (President of the Treasury Board): 1. 558,820.

2. As of May 11, 1972, 378,811 copies had been distributed either directly to the public or to departments and agencies of government for subsequent public distribution.

3. $72,625.73.

CANADA'S AMBASSADOR TO UNESCO

Question No. 576—**Mr. Thompson:**

Did Canada's new Ambassador to UNESCO work for the Department of External Affairs between the years 1942 and 1945 and, if so (a) what were his duties (b) for what reasons were his services terminated (c) on what date were his services terminated?

Hon. Mitchell Sharp (Secretary of State for External Affairs): A check of the records has shown that Canada's new Ambassador to UNESCO did not work for the Department of External Affairs between the years 1942 and 1945. Supplementary questions (a), (b) and (c) are therefore not applicable.

QUESTION PASSED AS ORDER FOR RETURN

RATE OF UNEMPLOYMENT ON INDIAN RESERVES

Question No. 291—**Mr. Robinson:**

1. What is the rate of unemployment on Indian reservations generally?

2. What programs are in effect to deal with unemployed Indians?

3. To what extent have the federal and provincial governments co-ordinated their efforts to reduce unemployment among Indians?

4. Does Canada Manpower provide services on Indian reservations?

Return tabled.

Inquiries of the Ministry

ORAL QUESTION PERIOD

FINANCE

RESIGNATION OF CHAIRMAN OF ANTI-DUMPING TRIBUNAL—INVESTIGATION OF POSSIBLE CONFLICT OF INTEREST

Hon. Robert L. Stanfield (Leader of the Opposition): Mr. Speaker, may I direct a question to the right hon. Prime Minister further to the one addressed to him by the hon. member for Prince Edward-Hastings on Friday last. Now that the Prime Minister has had some time to look into the question of a possible conflict of interest, can he say whether or not he has made inquiries and can he now advise the House whether there was a conflict of interest in the position of the chairman of the federal anti-dumping tribunal who resigned recently?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I did check into my memory on this and I discovered that, while I said I had received the letter of resignation some days before, it was actually a few weeks before, early in May. Also, the letter was sent to the Minister of Finance who was the proper minister to receive such a letter. That is all I can report, Mr. Speaker. The Minister of Finance will be in the House and he may want to comment on this further.

Mr. Stanfield: Can the Prime Minister advise the House whether any inquiries have been made or are being made into the question of conflict of interest in the position of the chairman of the federal anti-dumping tribunal who has resigned? Has any such inquiry been conducted? Is any such inquiry being conducted? Does the government intend to have any such inquiry conducted?

Mr. Trudeau: Mr. Speaker, the Minister of Justice replied in a general way on that matter in the House on Friday and indicated that he had caused the matter to be brought before the courts. Therefore it is obvious that some inquiry had been made. The Leader of the Opposition might want to address further questions to the Minister of Justice.

Mr. Stanfield: Yes, Mr. Speaker. I address this question to the Minister of Justice but not specifically with regard to the question answered by him on Friday. I would like to ask him whether he is conducting or is causing to be conducted any thoroughgoing inquiry into the matter of conflict of interest, not merely in relation to the case to which he referred on Friday but in more general terms?

Hon. Otto E. Lang (Minister of Justice): Mr. Speaker, naturally the instant case which is before the courts has raised some questions about whether any other matter should be looked into further, and some further examinations are therefore taking place. The only one, however, which has reached any stage for action on our part is in the case of the anti-dumping tribunal's decision in regard to glass. There we have instituted proceedings, and the basis for our proceedings is, of course, a matter of record in our motion before the Federal Court.

Inquiries of the Ministry

Mr. Stanfield: In view of the minister's answer, could he indicate very briefly the scope of the inquiries being conducted, and could he also indicate when the House will be informed as to the outcome of these inquiries?

Mr. Lang: No, Mr. Speaker, I do not think anything would be gained by attempting to describe the internal workings of an inquiry of this general nature. Needless to say, when proceedings are begun it becomes a matter of record and therefore known to the public. It is not usual for the minister to indicate to the House when proceedings have been instituted. I did not do so in this case and I am not likely to do so in any future case, but it becomes a matter of public record at that stage.

* * *

• (1420)

GRAIN

PURCHASE OF HOPPER CARS BY GOVERNMENT—RESPONSIBILITY FOR DEPRECIATION, MAINTENANCE AND REPAIR COSTS—PAYMENT FOR USE

Mr. A. P. Gleave (Saskatoon-Biggar): Mr. Speaker, may I direct a question to the minister in charge of the Wheat Board or the Prime Minister. In view of the statement of the Prime Minister in Winnipeg that it is the intention of the government to purchase 2,000 hopper cars involving an expenditure of $42 million, and in light of the fact the Prime Minister also stated that the Canadian Wheat Board will purchase and operate these cars, can the minister inform the House whether the Wheat Board will be responsible in future years for the depreciation, maintenance and repair costs of this rolling stock?

Hon. Otto E. Lang (Minister of Justice): No, Mr. Speaker. The Wheat Board itself will not ultimately be responsible for any part of the purchase and therefore any part of the depreciation costs but will, rather, be reimbursed for this by the government. The Canadian Wheat Board will be the titular owner of the hopper cars, but the actual operation of the hopper cars will, of course, be organized by the railways which will have to provide the appropriate locomotive power to haul the cars from grain elevators to grain terminals. The additional 2,000 cars are designed to allow us to achieve even higher export records than we have achieved at the present time.

Some hon. Members: Hear, hear!

Mr. Gleave: Since this is a new departure in transportation policy and since the railways are required to transport grain for export within the Crowsnest Pass rates as the maximum charge, can the minister tell the House whether the railways will be required to pay for the use of these cars in the form of a lease or rental agreement or in any other manner? Are they going to be required to pay for the use of this rolling stock?

Mr. Lang: Mr. Speaker, the exact relationship between the railways, the Wheat Board and the government in connection with costs involved in hauling this extra movement of grain remains to be settled finally in future discussions. I should say, however, that there was a clear difficulty in persuading the variety of parties, whether the elevator companies or the railways, to take the necessary steps to ensure that we could get the movement of say 900 million bushels of grain, with each saying that with changes on the part of the other the necessary grain could be handled. It was our desire to see that the grain was in fact handled without waiting to see whether that argument could be settled. In other words, we wanted to be sure the grain would be moved without trying to rely on the fact that difficulties between the parties would be an adequate excuse to explain why it was not.

Mr. Gleave: Does the minister wish to leave the impression with the House that the railways were unready to transport the grain and, indeed—

Mr. Speaker: Order, please. I wonder whether that might not be debate. For the moment the Chair will recognize the hon. member for Marquette on a supplementary. We might return to the hon. member for Saskatoon-Biggar if he has a further supplementary.

GOVERNMENT PLANS TO INCREASE PRICES

Mr. Craig Stewart (Marquette): Mr. Speaker, my supplementary arises out of the Prime Minister's statement in Winnipeg that the federal government will assist in purchasing 2,000 railway hopper cars to move grain. I should like to ask the minister responsible for the Wheat Board if he can tell the House whether the government has any effective plans to alleviate the most pressing problem facing western farmers, that is, the low price at which the government is selling grain?

Mr. Speaker: Order, please. That question, I would think, is not quite in order. The hon. member is inviting the minister to make a statement of policy which normally ought to be made on motions. The hon. member might like to rephrase the question or ask a supplementary to that previously asked by the hon. member for Saskatoon-Biggar.

Mr. Stewart (Marquette): Thank you, Mr. Speaker. Can the minister advise the House as to what plans the government has to alleviate the low price of grain that is causing western farmers difficulty at the present time?

Mr. Speaker: Order, please. The hon. member's second question resembles the first. I suggest to the hon. member and to the minister that the question invites general statement which ought to be made on motions. However, the minister might reply briefly to the question, and I will then recognize the hon. member for Regina East on a supplementary.

Hon. Otto E. Lang (Minister of Justice): Mr. Speaker, needless to say, the grain which is being sold is being sold in international markets at the best possible price which can be obtained for it. Such programs as two-price wheat and the willingness to purchase 2,000 hopper cars are clear additions to the income cause of the farmers.

Mr. Stewart (Marquette): A supplementary question, Mr. Speaker.

Mr. Speaker: Order, please. We are obviously getting into a debate. However, the hon. member for Marquette may ask a supplementary and the Chair will then recognize the hon. member for Regina East.

Mr. Stewart (Marquette): Mr. Speaker, I appreciate the minister's answer, but I was referring to a program, other than the two-price system for wheat, which would cover all grains and provide for more active participation by the government than the minister has so far indicated?

Mr. Lang: Mr. Speaker, I would ask the hon. member whether he thinks we should charge high prices and sell no grain?

Mr. Speaker: Order, please. Obviously, the hon. member for Marquette is initiating a debate. We ought to return to the original question. The hon. member for Regina East may ask a supplementary.

PURCHASE OF HOPPER CARS BY GOVERNMENT—PREVENTION OF WITHDRAWAL OF ROLLING STOCK BY RAILWAYS

Mr. John Burton (Regina East): Mr. Speaker, may I direct my supplementary question to the minister in charge of the Canadian Wheat Board. Can the minister indicate what assurances have been given by the railways that they will maintain their present quantity of rolling stock engaged in grain movement in that particular type of movement and whether the government or the Canadian Wheat Board will be maintaining control over that situation to make sure that the railways simply do not move some of their present rolling stock out of grain movement? Can he also indicate whether steps are being taken to overcome the traffic conditions encountered in winter months between the west coast and the Prairies, particularly in the—

Mr. Speaker: Order, please. The second part of the hon. member's question clearly invites the minister to make a general statement on what steps are being taken to overcome transportation difficulties during the winter months. Clearly, that kind of information should be given on motions and not at this time.

Hon. Otto E. Lang (Minister of Justice): Mr. Speaker, on the first part of the question, it would be very much the purpose and intention of the government to make sure that the hopper cars put into use in this fashion are additional to other rolling stock made available for the movement of grain. The railways have made clear their acceptance of the basic proposition that they have to supply rolling stock for any ordinary or predictable movement of grain. The key question was whether additional rolling stock was required in certain circumstances and whether the railways were obligated to supply it if the elevator companies were not willing to move to a seven-day week, and so on. It was to overcome that argument that we felt additional rolling stock should be put in place. I assure hon. members it will be very much our intention to make sure that this is additional rolling stocks and not a mere substitution for other rolling stock.

Inquiries of the Ministry

Hon. Robert L. Stanfield (Leader of the Opposition): Mr. Speaker, may I direct a supplementary question to the minister. Am I to infer from the minister's answer that, to date at least, the railways have given no commitment that these hopper cars will be in addition to existing equipment and that the equipment now in use will be maintained? In other words, am I correct in assuming that so far no agreement has been reached with the railways?

Mr. Lang: No, Mr. Speaker, the Leader of the Opposition is quite incorrect in thinking that. The railways have had very firm discussions with the Canadian Wheat Board on the amount of rolling stock they have available which is to be dedicated to grain. These 2,000 hopper cars will be additional to that rolling stock.

Mr. Paproski: A supplementary question—

Mr. Speaker: Order, please. For the moment the Chair will recognize the hon. member for Bellechasse and return to this subject later.

* * *

• (1430)

[*Translation*]

AGRICULTURE

FEED GRAIN—SUPPLY FOR EASTERN FARMERS—DISCUSSIONS BETWEEN OTTAWA AND QUEBEC RESPECTING PRICE PARITY

Mr. Adrien Lambert (Bellechasse): Mr. Speaker, I have a question for the Minister of Agriculture.

Considering that the feed grain problem is still with us, although slightly improved, may I ask the minister whether he will soon make a statement in this House concerning the new government policy with regard to feed grains in order that eastern farmers may get their supplies at prices comparable with those in western Canada?

[*English*]

Hon. H. A. Olson (Minister of Agriculture): Mr. Speaker, I hope so, although I am unable to give a precise date now because the difference in price has very largely, if not completely, been corrected by the trade and by the supply-demand ratio in western Canada. Eastern feeders would like, however, to be assured that this wide discrepancy will not be repeated at some future time. We hope that before long we will be able to give some definitive reply to that question.

[*Translation*]

Mr. Lambert (Bellechasse): Mr. Speaker, may I ask the honourable minister if at the departmental level talks are going on about this between the federal Department of Agriculture and the Quebec Department of Agriculture and whether his Quebec counterpart has made some representations?

[*English*]

Mr. Olson: Yes, Mr. Speaker, but I do not think he has in the past few days. I would like to advise that discussions have taken place and are continuing on a much wider basis, including the trade and representatives of producer

groups in addition to agencies and representatives from both levels of government.

Mr. Speaker: The hon. member for Edmonton Centre has a supplementary to the previous question.

Mr. Steven E. Paproski (Edmonton Centre): Mr. Speaker, my supplementary arises out of the remarks made by the Prime Minister in Winnipeg. Will the Prime Minister please advise the House what he meant when in his speech on Friday in Winnipeg he emphasized the need to prevent feelings of alienation and suggested that non-Liberal members—

Mr. Speaker: Order, please. In my way of thinking, that is not supplementary to the matter we were discussing a moment ago which I thought was related in some way to the movement of grain. The hon. member for Nanaimo-Cowichan-The Islands has a supplementary to the previous question.

* * *

GRAIN

PURCHASE OF HOPPER CARS BY GOVERNMENT—SUGGESTED FREIGHT RATE REDUCTION IF SUBSIDIZATION INVOLVED

Mr. T. C. Douglas (Nanaimo-Cowichan-The Islands): Mr. Speaker, my supplementary question to the minister in charge of the Wheat Board arises out of the question asked by the hon. member for Saskatoon-Biggar. Since the minister has indicated he cannot assure the House that the railways will cover the capital costs and depreciation of these cars which are being purchased by the government, can the minister assure the House that if there is any degree of subsidization the government will, as a *quid pro quo*, get some reduction in the freight rates on grain shipped to the coast?

Hon. Otto E. Lang (Minister of Justice): Mr. Speaker, the actual ambit of that question perhaps goes beyond the jurisdiction of my department, but I think I can assure the hon. member that in our discussions about arrangements with the railways we will try to be sure that every possible benefit in fact flows back to the grain producers for whom this help is really intended.

Mr. Douglas: Can the minister tell the House whether there will be any degree of subsidization or, indeed, whether the railways will pay the full capital costs and the depreciation through lease fees for these hopper cars?

Mr. Lang: Mr. Speaker, that is a double question which is not capable of having the same answer. There will be no degree of subsidization. That is certainly our intention. However, that does not necessarily mean that the conclusion drawn in the second part of the question is true.

REQUEST FOR TABLING OF AGREEMENT WITH RAILWAYS

Mr. Jack McIntosh (Swift Current-Maple Creek): Mr. Speaker, I have a supplementary question for the minister in charge of the Wheat Board. Will the minister make public the agreement to which he referred that exists between the government and the railway companies so we will have the answers rather than trying to obtain the information from him during the question period?

[Mr. Olson.]

Hon. Otto E. Lang (Minister of Justice): Mr. Speaker, the agreement to which I referred was the understanding arrived at between the Canadian Wheat Board and the railways in connection with the movement of grain in the next immediate period. I will certainly discuss with the Wheat Board whether the transportation document which is normally used in connection with such discussions can be made available to hon. members.

Mr. McIntosh: In other words, I take it from the minister's remarks that there was no agreement?

Mr. Lang: Mr. Speaker, that is quite wrong. I indicated that there was an agreement.

Mr. Speaker: Order, please. We will try another subject. Perhaps we might get away from the debate on which we are embarking once again.

* * *

POST OFFICE

CONTRACT NEGOTIATIONS WITH UNIONS—INQUIRY AS TO ACCEPTANCE BY GOVERNMENT OF PROPOSAL THAT NATIONAL RATES OF PAY SHOULD BE OFFERED

Mr. Robert McCleave (Halifax-East Hants): Mr. Speaker, my question is to the Prime Minister or the Acting Postmaster General. Does the government plan to accept the proposal of the Public Service Alliance of Canada that national rather than regional rates of pay should be offered to its postal employees?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I can take notice of the question on behalf of the Postmaster General, but I would be surprised if he would want to negotiate publicly at this stage of the negotiations. Therefore he perhaps will not be in a position to answer the question of the hon. member.

Mr. McCleave: In light of the recommendation by the Toronto local of the Letter Carriers Union that a national strike vote be held to protest the current proposals of the government, is the government planning to develop new proposals?

Mr. Trudeau: Mr. Speaker, I think you will recognize that we have consistently refused to negotiate in public with the unions by the intermediary of questions from the opposition.

Mr. R. Gordon L. Fairweather (Fundy-Royal): Mr. Speaker, I have a supplementary question. Does the Prime Minister not agree that really the terms of the negotiations are evidence of a special status for several parts of this country and does not the government resist such a concept?

Mr. Trudeau: The question is a bit too esoteric for me. Perhaps the hon. member could write an essay and I will read it.

* * *

INQUIRY OF THE MINISTRY

Mr. Steven E. Paproski (Edmonton Centre): Mr. Speaker, my question is for the Prime Minister. Will the Prime Minister please advise the House what he meant when in his speech on Friday in Winnipeg he emphasized the need to prevent feelings of alienation and suggested that non-Liberal Members of Parliament had helped to create such feelings?

Mr. Speaker: Order, please. I remind the hon. member and the House in general that questions about statements made by ministers outside the House, including the Prime Minister, can only be put to inquire whether the statements represent government policy. I wonder whether it is traditional or according to our practice to ask what was meant by a speech made outside the House. It is sometimes difficult enough to find out what is meant by a speech made inside the House without trying to ascertain what was meant by speeches made by members outside the House. I would think this is a rather fruitless exercise. The hon. member might like to rephrase his question.

Mr. Paproski: Would the Prime Minister be more specific about what he meant in his speech on Friday in Winnipeg when he emphasized the need to prevent feelings of alienation and suggested that non-Liberal Members of Parliament had helped create such feelings?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I should have thought the point was well illustrated today when, after the government had announced the purchase of 2,000 new hopper cars, the opposition took a purely negative view and—

Mr. Speaker: Order, please.

Some hon. Members: Hear, hear!

Some hon. Members: Oh, oh!

Mr. Speaker: Order, please. I would think that both the question and the answer show why this rule regarding speeches outside the House is so valuable. I am sure that every Monday we could spend the whole question period discussing speeches made over the weekend by members on both sides of the House. I suggest that is not the purpose of the question period. Questions about speeches made outside the House should be restricted to inquiries whether certain statements represent government policy. That will certainly save us the trouble we are getting into in relation to the hon. member's question.

Mr. Paproski: Mr. Speaker, I regret that I must rise on a question of privilege. I suggest that at a time when this country is being held together by some very thin threads the Prime Minister of this country should not be stooping to blanket condemnation of Members of Parliament who do not belong to his party.

Some hon. Members: Hear, hear!

Mr. Paproski: Let me say that if it had not been for the many great non-Liberal members in this assembly, this country would be divided.

Mr. Speaker: Order, please. The rules are perfectly clear that if an hon. member wants to raise a question of privilege he has to give notice of his intention to do so. This is not a question which relates to a debate that has just taken place in the House, but rather to something which took place outside the House before the last hour. Therefore the hon. member had ample opportunity to give the Chair the notice which is required by the Standing Order.

Mr. McIntosh: Mr. Speaker—

Mr. Speaker: Order, please. The hon. member will have to ask a different question because that question was certainly not in order.

Mr. McIntosh: Mr. Speaker, I rise on a question of privilege concerning the insinuation left by the Prime Minister with regard to members of the opposition. Surely the Prime Minister knows parliamentary procedure well enough to know that it is the duty of opposition members to inquire into transactions such as this when they are announced outside the House and not explained in the House. As Members of Parliament it is our duty to make the Prime Minister explain the details of the deal. We do not know whether the farmers are ultimately going to pay for this or whether it will be the people of Canada.

Mr. Speaker: Order, please. Obviously we are not talking about the same thing. The hon. member's question did not relate to the point raised originally by the hon. member for Saskatoon-Biggar. I may be at a disadvantage because I did not have the privilege of reading the speech to which all these questions allude. I do appreciate the point raised by the hon. member for Swift Current-Maple Creek. The questions which were asked in relation to this matter were certainly in order and I am quite willing to recognize further questions on the point. However, I thought the question of privilege raised by the hon. member for Edmonton Centre referred to a different part of the speech.

• (1440)

Mr. McIntosh: My question of privilege had nothing to do with the Prime Minister's speech in Winnipeg. It had to do with his remark in the House a few moments ago implying that members of the opposition were not doing their duty in asking these questions and that it is not our privilege to do so. I think the Prime Minister should know better than to make such suggestions that provoke this type of discussion.

An hon. Member: Cheap politics.

Mr. Speaker: Order, please. The question period is quickly going by on these points of order and questions of privilege which may be entirely justified. I would think they are grievances rather than questions of privilege. The hon. member has made his point and I hope we can

get on to another subject. If the hon. member for Annapolis Valley is rising to ask a supplementary question, I suggest that it might be a different question rather than a supplementary. I do feel that the original question asked by the hon. member for Edmonton Centre was not entirely, completely or absolutely within the four corners of the rules.

Mr. Nowlan: Because I agree with Your Honour's preliminary ruling, I rise on a point of order—

Some hon. Members: Oh, oh!

Mr. Nowlan: —to help clarify the program ahead in this warm, prosperous, election-free springtime and summer. For the enlightenment of the Chair and members of the House, perhaps we could be given the itinerary of the Prime Minister for the next weekend in this election-free summer—

Mr. Speaker: Order, please.

Mr. Olson: What about your own leader?

Mr. Nowlan: We will put you into the hopper, too.

Mr. Speaker: Order, please. We have obviously started on the wrong foot this week. Things can only get better from this moment.

Some hon. Members: Oh, oh!

Mr. Gleave: Mr. Speaker, further to the point raised by the hon. member for Swift Current-Maple Creek, I specifically requested a statement on motions for the information of hon. members. This has been denied and the minister in charge of the Wheat Board has failed to give the House the necessary information. Then we are accused by the Prime Minister of abusing our privileges—

Mr. Speaker: Order, please. The hon. member for Greenwood.

* * *

HOUSING

REQUEST FOR TABLING OF REPORT ON LOW-INCOME HOUSING

Mr. Andrew Brewin (Greenwood): Mr. Speaker, my question involves a change of subject. I address it to the Minister of State for Urban Affairs. I have asked the hon. gentleman several times to table the Dennis Report on low-income housing. I understand that this report has been available to the Central Mortgage and Housing Corporation for two weeks and that Professor Dennis is now away on holiday. I now repeat my request that this important report be tabled in the House.

Hon. Ron Basford (Minister of State for Urban Affairs): Professor Dennis was preparing the report for publication. I will determine whether it has been handed in.

[Mr. Speaker.]

LABOUR RELATIONS

LONGSHOREMEN'S STRIKE, MONTREAL—MEETING OF MINISTER AND UNION AND MANAGEMENT REPRESENTATIVES—GOVERNMENT ACTION TO SETTLE DISPUTE

Mr. Warren Allmand (Notre-Dame-de-Grâce): Mr. Speaker, I have a question to direct to the Minister of Labour. Will the minister state whether he was able to meet personally over the weekend with representatives of labour and management in connection with the strike of longshoremen in Montreal which is now in its fourteenth day, and whether any moves have been made by the government to settle this strike?

Hon. Martin P. O'Connell (Minister of Labour): On Friday last I did have an opportunity of meeting informally and in an exploratory way with representatives of management and labour in the offices of the department in Montreal. The senior federal mediator is working with the two parties on a daily basis to seek a settlement of this dispute.

Mr. Lincoln M. Alexander (Hamilton West): I should like to direct a question to the Minister of Labour concerning the same subject. Has the minister taken into his confidence the Minister of Manpower and Immigration who had so much success in the past in this field?

* * *

NATIONAL SECURITY

ALLEGED SUBVERSIVE ACTIVITIES—REQUEST FOR STATEMENT

Mr. Jack Marshall (Humber-St. George's-St. Barbe): My question is to the Solicitor General, Mr. Speaker. In view of the statement made by a former cabinet minister that extensive subversive activities are taking place in Canada and that the report of the Royal Commission on Security did not give all the facts, would the minister tell us whether he intends to make a statement—

Mr. Speaker: Order, please. I will not object to the minister replying to the question asked by the hon. member, but I suggest it ought to be asked directly. A few minutes ago I had occasion to refer to the rule we are attempting to recognize and respect that questions may be asked about statements made outside the House by ministers only to inquire whether they represent government policy, but my understanding of the rule is that it does not apply to former ministers of the Crown. This having been said, perhaps we could assume that the question has been asked directly, and the minister might reply.

[*Translation*]

Hon. Jean-Pierre Goyer (Solicitor General): Mr. Speaker, paragraphs 15 and 16 of the abridged report of the Royal Commission on Security give a very clear description of the communist subversive activities in Canada. The description is still generally valid.

To reply more directly to the hon. member's question, I would say that the following can be read in the same abridged report and I quote:

Note: The Report of the Royal Commission on Security as originally submitted to the Governor in Council in October 1968 included some material which in this published version has been omitted or amended in the interest of national security.

These changes are of small significance in the context of the Report as a whole—

Mr. Speaker: Order. I must interrupt the minister, because he is making a statement which should normally be made on motions. I think that he should try to answer as briefly as possible the hon. member's question. If the latter wishes to put supplementaries, he could do so afterwards. If he must give a long answer, the minister should ask the consent of the House to revert to motions, in order to make a statement on which representatives of the opposition could make some comments.

Mr. Goyer: Mr. Speaker, with all due respect, the remainder of my answer will only require five seconds.

These changes are of small significance in the context of the Report as a whole, and the Royal Commissioners agree that they do not affect the substance of the Report or its recommendations.

[*English*]

Mr. Marshall: In order to clear up this matter, would the minister make a statement on motions and, in addition, consider asking his hon. friend from Trinity to appear before the appropriate committee with respect to the assertions he has made?

[*Translation*]

Mr. Goyer: Mr. Speaker, I do not intend to make further remarks on this question. However, I can inform the hon. member that the commissioner of the RCMP and the Director of Security Services have assured me that the situation is under control and, if the hon. member for Trinity (Mr. Hellyer) wants to break his oath or hide behind it to arouse suspicion, it is up to him—

[*English*]

Mr. Speaker: Order, please.

Hon. Robert L. Stanfield (Leader of the Opposition): Mr. Speaker, I have a related question for the Prime Minister concerning the massive security provided for the right hon. gentleman at the Liberal fund-raising dinner. I am not objecting to that, of course; I would not want to see anything happen, naturally, to my right hon. friend. But I should like to ask him whether that massive security was intended to protect him from these subversive elements or from the Liberals who were attending that dinner?

Some hon. Members: Oh, oh!

* * *

• (1450)

CONSUMER AFFAIRS

MOTOR CARS—REQUEST FOR ACTION ON AUTOMOBILE ASSOCIATION RESOLUTION SEEKING BETTER WARRANTIES

Mr. Barry Mather (Surrey-White Rock): Mr. Speaker, I should like to direct a question to the Minister of Consumer and Corporate Affairs. In view of the policy motion endorsed this morning by the million-member Canadian

Automobile Association urging action at the federal level to protect consumers of Canadian motor vehicles with better warranties at the workmanship and parts levels, will the minister give early consideration to this request?

Hon. Robert K. Andras (Minister of Consumer and Corporate Affairs): Mr. Speaker, I thank the hon. member for the notice of his question which I received just after coming into the House. I have not had an opportunity to see the policy statement to which he referred, but I will examine it and, to the degree that federal jurisdiction does apply, I will be most interested in pursuing the suggestion therein.

* * *

GRAIN

PURCHASE OF HOPPER CARS BY GOVERNMENT—ASSURANCE THAT COST WILL NOT BE CHARGED TO FARMERS

Mr. Craig Stewart (Marquette): Mr. Speaker, my question arises from the reply of the Prime Minister to the hon. member for Edmonton Centre. I should like to ask the minister responsible for the Canadian Wheat Board whether he can assure the House that no part of the cost of the 2,000 hopper cars for grain movement will be met out of the farmer's Wheat Board account?

Hon. Otto Lang (Minister of Justice): Yes, Mr. Speaker, that is what the Prime Minister said.

* * *

EXTERNAL AFFAIRS

UNCTAD MEETING—REASONS FOR NEGATIVE VOTES AND ABSTENTIONS BY CANADA ON CERTAIN MOTIONS

Mr. Heath Macquarrie (Hillsborough): Mr. Speaker, in the absence of the minister I should like to direct this question to the Parliamentary Secretary to the Secretary of State for External Affairs. It concerns the recent UNCTAD conference and the position of the Canadian delegation which has been described by Canadian church observers there as non-committal, cynical, tightfisted and disruptive. Can he advise why, in respect of the motions put forward by developing countries to assist their economies, Canada found it necessary to vote against nine and abstain on four of these important resolutions?

* * *

[*Translation*]

INDIAN AFFAIRS

JAMES BAY HYDROELECTRIC PROJECT—RESULT OF MEETING BETWEEN MINISTER AND PREMIER BOURASSA

Mr. Roch La Salle (Joliette): Mr. Speaker, I have a question for the Minister of Indian Affairs and Northern Development.

In view of his intended meeting last Thursday with the premier of Quebec for discussions concerning the James

Bay project and possible agreements between the federal and provincial governments, could the minister advise the House of the gist of these discussions? If both governments have reached an agreement, can he tell us something about it?

Hon. Jean Chrétien (Minister of Indian Affairs and Northern Development): Mr. Speaker, we have had an excellent meeting with the Quebec premier; we have agreed to continue to explore the possible ways of solving the problem. However, we are not in a position to make concrete proposals at this time, because we shall have to hold talks with the Indians of the province of Quebec. Some weeks and even months may elapse before we can announce concrete proposals.

* * *

[*English*]

URBAN AFFAIRS

TRI-LEVEL CONFERENCE—EFFECT OF QUEBEC SELECTING MUNICIPAL DELEGATES

Mr. S. Perry Ryan (Spadina): Mr. Speaker, my question is directed to the Minister of State for Urban Affairs. In view of Premier Bourassa's decision to have his government choose the two Quebec municipal delegates to the tri-level urban conference and the resulting impairment of the conference's purpose, will the minister now state whether the effect will be to reduce the conference to a two-level conference?

Hon. Ron Basford (Minister of State for Urban Affairs): Mr. Speaker, the method of choosing municipal representatives was set out in the report in which I understand the province of Quebec concurred.

Mr. Ryan: Mr. Speaker, is the minister content that the provincially picked delegates from Quebec will act—

Mr. Speaker: Order, please. That question is clearly out of order.

Mr. Ryan: May I rephrase the question?

Mr. Speaker: Would the member resume his seat. The hon. member is inviting the minister to indicate whether he is content, satisfied, pleased or happy with something. That is not a proper question. The question should be asked directly.

Mr. Ryan: The premier is reported to have said that these delegates will act only as advisers to the Quebec government at the conference. Does this statement come within the guidelines to which the minister has just referred?

Mr. Basford: Mr. Speaker, I think this is a matter for consultation between the province of Quebec and the municipalities concerned. I am quite sure we will have a successful conference.

[Mr. La Salle.]

CONSUMER AFFAIRS

FOOD PRICES AND SUPERMARKET PROFITS—REQUEST FOR INVESTIGATION BY SPECIAL COMMITTEE

Mr. Lorne Nystrom (Yorkton-Melville): Mr. Speaker, my question is for the Minister of Consumer and Corporate Affairs. In view of the increase in the cost of food by 7½ per cent between April 1971, and April 1972, and the simultaneous increase in the profits of food companies, Dominion Stores 300 per cent, and Weston's nearly 50 per cent—

Mr. Speaker: Order, please. I suggest that the hon. member is making a speech. The purpose of the question period is for hon. members to seek information, not to convey information to the House. The hon. member should ask his question.

Mr. Nystrom: In light of these two facts, will the minister refer this important issue to a special committee of the House for investigation?

Hon. Robert K. Andras (Minister of Consumer and Corporate Affairs): Mr. Speaker, I would not be empowered to do so. I might advise the hon. member that this same question was asked by two members of his party previously, and I do not think my answer has since changed.

Mr. Nystrom: Mr. Speaker, will the minister make a statement on motions some time this week informing us of the action he is taking on this important issue?

Mr. Andras: Mr. Speaker, I would refer the hon. member to the answer I gave, which I think is clearly printed in *Hansard*.

* * *

AGRICULTURE

EGGS—FINANCIAL SITUATION OF ONTARIO PRODUCERS—INQUIRY AS TO STATEMENT

Mr. Murray McBride (Lanark-Renfrew-Carleton): Mr. Speaker, my question is for the Minister of Agriculture. In view of the continued difficulties in the egg producing industry and the desperate financial straits in which Ontario egg producers in particular find themselves, will the minister be in a position soon to make a statement in the House indicating what the future will be for egg producers in Ontario?

Hon. H. A. Olson (Minister of Agriculture): Mr. Speaker, discussions took place in Ottawa almost all of last week among producer organizations from across the country. As a result they have come to a tentative agreement. Meetings are starting today and telecommunications with the provincial representatives, including the provincial ministers, which hopefully will result in an agreement some time later today. If necessary, we will call a wider meeting of provincial ministers because we want to resolve this problem as quickly as possible.

LABOUR CONDITIONS

MINIMUM WAGE—INQUIRY AS TO MEETING WITH PROVINCIAL MINISTERS—POSSIBILITY OF LEGISLATION

Mr. Lincoln M. Alexander (Hamilton West): Mr. Speaker, I should like to ask the Minister of Labour a question concerning his regard for the minimum wage as it now exists. Will he advise the House whether he has in fact had an opportunity to meet with his provincial counterparts? If so, without disclosing the figure will he say whether a figure has been reached, and is it the intention of the minister to bring in legislation in this regard in the very near future?

Hon. Martin P. O'Connell (Minister of Labour): Mr. Speaker, I have not had the opportunity of meeting the provincial Ministers of Labour. I might say in addition that the question of minimum wages is under continuous consideration by the government.

Mr. Alexander: Arising out of the answer of the minister, may I ask whether it is his intention to take a new approach with his provincial counterparts in order that he can come to the House with legislation making the minimum wage more equitable? Is this his intention in the very near future?

Mr. O'Connell: Mr. Speaker, it is not my present intention to seek meetings with the provincial Ministers of Labour on this subject.

Mr. Speaker: Order, please. With that last supplementary question we have give beyond the end of the question period. Perhaps further supplementaries might be kept until tomorrow. Orders of the day.

• (1500)

[*Translation*]

GOVERNMENT ORDERS

FOREIGN TAKEOVERS REVIEW ACT

MEASURE TO PROVIDE FOR CONTROL OF FOREIGN OWNERSHIP OF CANADIAN COMPANIES

Hon. Jean-Luc Pepin (Minister of Industry, Trade and Commerce) moved that Bill C-201, to provide for the review and assessment of acquisitions of control of Canadian business enterprises by certain persons, be read the second time and referred to the Standing Committee on Finance, Trade and Economic Affairs.

He said: Mr. Speaker, the objective of the bill we are studying today is to ensure that foreign takeovers of Canadian corporations take place only when such takeovers will bring appreciable benefits to Canada. This bill is also designed to increase such benefits as much as possible.

In fact, Bill C-201 provides that all proposed takeovers in excess of a certain amount, will have to be drawn to the government's attention, after this bill is passed. The government will be empowered to assess these takeovers and determine how they contribute to the welfare of Canadians. It would also empower the government to negotiate changes liable to increase the benefits that might be derived from those takeovers.

Mr. Speaker: Order. I hesitate to interrupt the hon. minister but with the discussions which are taking place in the rear of the House it is difficult to follow the hon. minister's remarks. I would suggest to the hon. members who want to proceed with these conversations to do so behind the curtains.

Mr. Pepin: Mr. Speaker, I was saying that this bill empowers the government to negotiate changes which might increase the benefits that might be derived from these takeovers. Finally, the bill empowers the government to reject any takeover which would not bring appreciable benefits to Canada.

In other words, this bill gives the government the right to know of, to assess, to negotiate, to allow or to stop takeovers above a certain level.

This measure, Mr. Speaker, is complementary to that already taken by previous governments in order to stimulate Canada's economic development and independence. I deeply regret that some commentators have not placed the new measure in its wider context, which I will of course attempt to do today.

Previous governments have, indeed, created a group of corporations: the Canadian National, Air Canada, the Polymer Corporation, Eldorado Nuclear Limited, the Northern Transportation Corporation Limited, the Northern Canada Power Commission, Panarctic Oils Limited, Telesat, the Canada Development Corporation.

Those same governments have limited foreign investment in some major financial sectors: banks, insurance companies, loan companies, and finance companies.

Some of our major cultural industries—radio, newspapers, magazines—are also subject to regulations which oppose foreign control, successfully in most cases.

The tax system, reinforced by last year's fiscal reform, also contains provisions to encourage Canadians to invest more in Canada than abroad.

However, Mr. Speaker, until now some of the most important sectors of our economy—manufacturing, raw materials, and many service industries—have depended on *ad hoc* decisions or have quite simply been ignored.

Bill C-201 is therefore designed to facilitate—I emphasize "facilitate", for it is not going to solve everything—the lessening of some of the problems created by foreign investment, and also the improvement of the advantages, the positive aspects, of foreign investment in those important sectors.

Mr. Speaker, the major aspects of this bill have already been announced to the public as well as to the House by the hon. Minister of National Revenue (Mr. Gray) in his statement of May 2 last. I shall therefore confine myself to answering some very important questions which have already been raised both in this House and by the public at large.

For instance, why does Bill C-201 apply only to acquisitions of control? Why not implement a policy to extend and enlarge general restrictions in key sectors, all questions that are dear to the hon. Leader of the Opposition (Mr. Stanfield)? Why a reviewing or screening process and other similar questions?

[*English*]

I find it difficult to answer the first question which has been raised. Some people have asked: why not exclude all foreign investment? I think no modern country can afford to deprive itself of the benefits associated with foreign investment in terms of capital inflow, in terms of technology, in terms of markets and in terms of employment. No country today can afford to join an economic nunnery. Markets, technology and capital move around the world these days very rapidly with foreign investments. It seems to me it would not be particularly intelligent to deprive ourselves of these contributions. The technologically richest and most advanced country of the world, the United States, takes more and more foreign investment. I was looking at the statistics a moment ago and found that the United States in 1970, has experienced an increase of 11.8 per cent in foreign investment over the previous year compared to an increase of 8 per cent in Canada. This would indicate that the greatest and most powerful country in the world in terms of material wealth, is also taking a lot of foreign investment because of the technology and other advantages which come with foreign investment. So, the question to me is not one of should we or should we not. To me, it is a question of how, what are the acceptable means and methods.

The second question which has been raised in recent days, and which has been bothering many people I must admit, is the following: why include only takeovers in Bill C-201? Why not include other forms of direct foreign investment such as new investment, re-investment of earnings, for example. There are three or four good reasons for this. I think they are good. The first is that of all the various forms of foreign direct investment, Canadians have been most concerned mostly about takeovers, and rightly so, because they do not necessarily—there are exceptions of course—add much to the Canadian productive capacity. Another argument concerns the economic consequences of foreign investments. What would have been the economic consequences of including more than has been included in Bill C-201?

The extension of the review process to other forms of foreign direct investment could slow down the creation of new industry, partly through reduced business confidence at home and abroad and partly through the disruptive effects such a major intervention could cause, resulting in fewer jobs being created. On the subject of business confidence I find the opposition is divided, as is not too uncommon.

An hon. Member: So is the government sometimes.

Mr. Pepin: I meant as between parties. Perhaps it is true also within parties. We will find that out later in this debate. Some members complain that the government does things which contribute to economic uncertainty, even if those things should be in the interest of the greater objective of justice, national unity or independence of the country. Strangely enough, in this particular instance, some people such as the hon. member for Prince Edward-Hastings (Mr. Hees)—and I regret his temporary absence, because I like to speak at him when I speak of him—seem to be saying things rather different from the usual line taken.

In this particular instance, the hon. member for Prince Edward-Hastings seemed to be saying that the government had not taken a sufficiently dynamic or aggressive line. He seemed to regret that we did not go any further. At least that is what I heard him say over the CBC on the night of May 2. I tried very hard to obtain a copy of his remarks because I like to be fair in reporting opinions heard. My hon. friend was flying very high that night. He might have been on a Concorde or a rocket. He said, in his usual subdued, non-emphatic tone, that the government had not been very energetic on that particular day. I would appreciate it if he would let me have a copy of what he said on that occasion.

• (1510)

Some other Members of Parliament openly do not give a hoot about the business community. They love to antagonize it. They think that uncertainty is fabricated to influence the government and used by politicians to justify their cowardice. This was the word which was used recently by the hon. member for York South (Mr. Lewis), and which he addressed to me. Such is the comfort of opposition benches. I am not complaining, I am just observing. Each time the opposition has been accused of irresponsibility I have heard the answer thrown at us, usually the hon. member for Peace River (Mr. Baldwin) is leading the attack, that governing is our responsibility and that they are not here to do our work. I say to that: fair enough.

In this particular instance, so far as Bill C-201 is concerned, we are governing in the interest of all Canadians, labour, management, owners, white collar and blue collar workers, hard collar, soft collars, too, striped pants, blue pants, hot pants and whatever you want. We did take into account public opinion. I must say that the polls, which will probably be quoted here, indicate quite clearly that Canadians are in favour of more Canadian control over their economy; there is no doubt about that. But at the same time we see Canadians—and I do not blame them—wanting a better standard of living, more security, more industrial growth, more and better jobs, better pensions, etc. If public opinion wants a responsive government, I suggest that public opinion also wants a responsible government and that is what we are providing in this bill.

The government had to consider how much intervention would be practical and workable. On these grounds, it chose to limit the review process to that part of foreign direct investment where, in the broad public view, there exists a genuine and clear consensus. We also took into account, when deciding on our policy, the views of the provinces, the theories of some of the provincial leaders and the practices of others. I must say that it is not easy to interpret all this. In a few cases, and I am not generalizing, there are slight differences between the theories and the practices of the same provincial leaders. Some who are generally favourable to foreign investment take restrictive action against it, and some who are generally

unfavourable to foreign investment travel extensively abroad to attract it in one form or another.

Be that as it may, I think everybody here will at least agree that there was a division between provincial leaders on the degree of acceptable control in Canada, and the federal government had to bear this in mind. We had been cautioned to do so, and to illustrate this point I can find no more useful a source than the Leader of the Opposition (Mr. Stanfield) himself. In a speech to the Progressive Conservative Association in Nova Scotia, written in his own hand, which he gave on February 5 of this year he said:

> I want to warn the government that, as far as we are concerned, any policy that pins its faith exclusively on the restriction of investment in Canada in order to protect our identity as Canadians is bad for this country and would be disastrous in terms of national unity.

Frowning heavily, I presume, he added:

> I want to warn this government that any such policy, far from protecting our identity, would turn region against region, province against province, and Canadian against Canadian.
>
> I want to warn this government that we in the Progressive Conservative party shall fight hard against any policy that would have the effect of cutting off sources of investment to the provinces that are still in need of capital.

Frowning even more, I presume, he said:

> I want to warn this government that we shall fight to the end any policy that would hamper the fight against unemployment and weaken the Canadian economy.

After saying that, the Leader of the Opposition has no speech to make. I think he can hardly disagree with this bill. I anticipate that he will not. I am quite sure that he will be talking about other things that we might have failed to do. But I am talking about this bill. If he wants to talk about other things, that will be his choice.

So much for some hon. members in the House who normally fear uncertainty. Others, both inside and outside the House, say that Bill C-201 does not go far enough. Presumably, in their view, the government has paid too much attention to public opinion, to provincial leaders, business leaders, etc. They are taking an absolutist line. I have heard their statements on the radio: full steam ahead, damn the torpedo, damn the economic torpedoes, damn the regional torpedoes, damn the constitutional torpedoes. These gentlemen say they are the true democrats. They know what is best for the Canadian people. They will force Canadians to be free. I was listening to one this morning and, in my view, that is aristocratic government, possibly even foolish government. Good government is progressive government—Liberal progressive of course; good government is evolutionary government. As has often been said, the best revolutions are evolutions. Let me put it in a nutshell, Mr. Speaker. This is why we included only take-overs in the screening process.

The next question which was raised was, why screening? Why not the general restriction approach, 50 per cent of this, this being ownership, and 75 per cent of that, that being the number of Canadians on boards? Some ask why the general restriction approach was not taken, why not add to the key sector, new areas where foreign investments would be either excluded or regulated. As I said at the beginning of my remarks, these methods have been used in the past in Canada, I mean the general restriction method and the key sector approach. In my view that was the right approach in areas of unqualified national importance. I want to emphasize that. This approach might still be used in the future, but in the particular areas about which I am talking now, particularly manufacturing and resources, it was felt that using the key sector approach, so dear to the Leader of the Opposition, was too blunt and too automatic a means.

Why is that so? Because foreign participation in these areas in general brings clear benefits as well as obvious costs. Things were clear, one-sided, in some of the cultural areas that were singled out for the key sector approach. There was no great interest in having foreign investment and control. But I repeat that it is not so clear in the areas of manufacturing and resources. Here a more flexible and a more selective approach is needed. To use a useful cliche, we need in these areas not necessarily to exclude but to exclude only if necessary. I am not ashamed of using Mackenzie King's style. Those were wise words. He was trusted by the Canadian population for 23 years. To use a useful cliche again, Mr. Speaker, in these areas it is necessary to maximize the benefits while minimizing the disadvantages. That is the very purpose of the screening process.

Let me insist. To use the expression of the main character in Fiddler on the Roof, on the one hand a takeover can reduce Canadian participation in Canadian industry and provide nothing in the way of new activity in the economy; it may even result later in the closing up of Canadian business and the consequent loss of jobs. But then, on the other hand, a takeover may provide the means to rejuvenate a declining business or provide expansion to an already viable enterprise through the infusion of new capital, new technology, improved management and expanded market opportunities at home and abroad. It can also bring lower prices to Canadian consumers. The first, on the one hand, should be blocked, should be excluded; the second, on the other hand, should be allowed, and improved if at all possible. So much for key sectors, Mr. Speaker.

• (1520)

Then the next question is why not—

Mr. Crouse: Would the minister entertain a question at this point? Is he not aware that the key man in "Fiddler on the Roof" also held his hands up to heaven and cried, "Good Lord, why must you visit all this on me!"

Mr. Pepin: Mr. Speaker, I only have one daughter to marry off, so I don't have to worry as much as Topal seemed to worry.

Some hon. Members: Oh, oh!

Mr. Pepin: I was trying to answer the question, why not more key sectors? I hope the Leader of the Opposition will take account of the remarks I have made.

The next question is: why not have general rules of Canadian participation? Why not a 51 per cent ownership formula? Why not a 75 per cent of directors formula? Why not the 90 per cent of management formula, and so on? These have been recommended by a good many people.

Mr. Speaker, the main purpose of this bill, and I will admit it, is not to increase Canadian participation, and I underline that, although, and I underline the "although" also, participation will be a factor in the screening of takeovers. It is one of the five factors that will have to be borne in mind. I refer to participation by Canadians both within the particular enterprise being subjected to takeover, and participation in the industrial sector where that enterprise is located. I believe that an increase in Canadian participation will come mainly through other policies, some of them presently existing and some others to be added in the future. Those now in existence are the tax system, the Canadian Development Corporation, and that sort of thing. And, as the Minister of National Revenue (Mr. Gray) said in his statement of May 2, the government is looking at other possibilities to enhance the Canadian interest, such as better use of Canadian capital markets, increased development of indigenous technology, and management development. On the latter subject my department, has recently created two modest programs for the improvement of Canadian management. I hope hon. members opposite have noticed this. Reference to these programs is to be found in communique No. 33/72, but I will not read it now.

Mr. Speaker, might I suggest that a policy that would focus primarily on Canadian participation without considering performance first could bring about rather strange results. A simple, automatic, general requirement of 51 per cent ownership, 75 per cent of directors, and 90 per cent of management would not necessarily produce the results we are all seeking. Having seven Canadian directors out of nine on the board does not give you much if the seven are treated like figureheads. And 90 per cent Canadian management does not mean much if all the decisions are in fact made abroad. Having 51 per cent Canadian ownership does not give you much if, in that particular enterprise control can be exercised with 10 per cent ownership. I am just saying here that one should not be fooled by appearances. These are not black and white situations to be solved once and for all by legislative action. There is a brief passage in Montesquieu—I am sure everybody has read it—where he calls at least for some countries, for the primacy of mores, customs and conventions over laws. This is where he says that very often changes in realities are more important than changes in law.

What is the importance of this bill, of this screening of takeovers? The leader of the NDP, the hon. member for York South (Mr. Lewis) says, "One big zero." I disagree of course.

Mr. Lewis: You can make it two.

Some hon. Members: Oh, oh!

Mr. Pepin: We are establishing here a new principle, the principle that future takeovers will be screened and that, to be approved, there must be significant benefit to Canada. Incidentally, Mr. Speaker, I am told that takeovers represent 5 per cent to 20 per cent, depending on the year, of foreign investment in Canada.

By monitoring the forward plans of individual enterprises in this way the government is breaking new ground. It is in effect inserting its influence in an area of business planning reserved until now to private decision making. Not only will allowed takeovers be more beneficial to the Canadian economy, but the objectives and criteria imbedded in this bill will influence the nature and direction of other forms of direct foreign investment in Canada. This will be done in an orderly, evolutionary, rational way.

As the screening process gains experience and builds up a history of negotiations and decisions, foreign investors will be able to see the kinds of goals that Canadian authorities are striving for on behalf of the Canadian public and, in a typical, practical business-like way they will adjust to them. I might also add that in any such process major administrative problems arise, and unless they are carefully and systematically worked out they could well create disruption. So much for the philosophy, Mr. Speaker. I do not want to go into too many of the details of the administrative end of the bill, as this can best be done in committee, but I would like to outline some of the major administrative concepts.

A central feature of the new measure is the concept of significant benefit. how is this to be determined? Hon. members are already aware of the five factors set forth in the bill. First, there is the effect of the takeover being screened on the level of activity as reflected in production and employment. If, for example, a takeover sustains the life of a declining enterprise which would otherwise close down, the promise of continued production and jobs would constitute an important positive benefit. Similarly, high marks would be given to a takeover which held genuine promise of expanded operations and job creation.

A second factor is the effect on productivity, innovation, technological development, and other such factors resulting in the more effective use of productive resources. Higher productivity may give rise to higher returns to producers in the form of higher salaries and higher profits, better value to consumers in the form of lower prices or better quality, and spin-off benefits to the economy at large, such as the dissemination of new technology and management techniques.

A third factor is the favourable effect upon competition in Canada. The takeover may have a very favourable effect through more vigorous and productive operations.

The fourth factor does not necessarily involve an identifiable economic benefit. This is the matter of participation by Canadians, and I have already dealt with that.

A fifth factor to be considered is, of course, the need for a takeover to be compatible generally with established policies, national, industrial and economic policies, for example; the existing program for rationalization within the textile industry, within the footwear industry, the need for wider markets in the chemical industry, the aerospace industries, etc.

Mr. Stanfield: Before the minister gets off that subject, and in connection with the competitive aspect, the minister has mentioned that an increase or decrease in competition would be a factor to be considered. Is it intended that this will be the sole finding on this matter, or is it contemplated that the takeover would also have to be classed, perhaps by a tribunal established under the Competition

Act? Would the minister clarify the confusion that seems to exist there?

• (1530)

Mr. Pepin: Mr. Speaker, I prefer to go into that in committee because any short sentence or two that I give now might not be clear enough, but the general philosophy is that the two considerations will have to be reconciled. We will look at that in committee, supported by experts on that point.

Mr. Fairweather: That is the Pepin two step.

Mr. Pepin: Another basic aim of the bill is to deal with control rather than ownership. As everybody knows, these are not necessarily the same thing. For example, a widely held corporation can be controlled by a very few people. Consequently, throughout the bill reference is made to control. Now, control is more difficult to establish than ownership and this is why a system of presumption is to be found in the bill. This is a bit complicated, I will admit. There are two categories of presumptions in the bill. One is to help determine who must go through the review process before acquiring a Canadian company, and the other is to help determine when a takeover has taken place.

These presumptions are designed to simplify the administration of the law, both for the government and for business. They permit the responsible minister to look at the proportions of share ownership in the hands of foreigners and draw certain tentative conclusions. These tentative conclusions can be rebutted by the corporation. The reason for these presumptions is that while it would be relatively easy for the minister to determine the number and proportion of shares held in a corporation by various persons, only the individuals themselves know whether or not they have control. So, the procedure is that the minister will presume control in certain important cases and permit the individuals to rebut that presumption.

Cabinet looked at this problem at length, for at first glance it appears that the law would assume that a party was guilty until he proved himself innocent. But any alternatives we looked at could create greater difficulties. Since the individuals are the only persons who know who controls a company, the only alternative would be for the government to set up a rather elaborate investigative apparatus to snoop—to use a favourite word of the hon. member for Prince Albert (Mr. Diefenbaker)—into company records. This would be inimical to the Canadian way of life. It was decided to put the onus of proof on the acquirer of the enterprise being taken over. It should be relatively easy for the purchaser to satisfy the minister as to who really has the control of his company. There are several ways to do this. Filing shareholders lists is one way, the records of annual meetings is another and the presentation of affidavit evidence of the location of control of the company is still another way. The bill provides authority to the government to give advance opinion on such matters. Any decision by the minister about control should be challenged before the courts.

Speaking of these presumptions, I know that a number of Canadian controlled companies have been concerned about the provision that where 5 per cent of the voting rights are held by foreigners, a company is presumed to be foreign controlled unless the contrary can be established. Some Canadian controlled companies have read this to mean that they cannot take over another Canadian controlled company without first consulting the minister. I am informed that this will not be the case. As long as the company knows that if challenged it could readily show that control lies in Canada, it does not need to consult or inform the minister.

[*Translation*]

Mr. Speaker, to conclude my comments, the government hopes that Parliament will be able to adopt this legislation before the summer recess and once it is promulgated, the screening process will obviously become operative. We know that there will be some disagreements on certain aspects of the bill. However, I think we will unanimously, or almost, recognize that it is, as a whole, useful and should be implemented as soon as possible.

My friend the hon. Minister of National Revenue begins today his consultations with provincial authorities. He will explain the bill's provisions to the provincial premiers and request their opinion on the matter. Their views, together with those of hon. members and other outside parties will be taken into consideration when the bill is referred for study to the committee.

[*English*]

Mr. R. Gordon L. Fairweather (Fundy-Royal): Mr. Speaker, it is significant that the Minister of Industry, Trade and Commerce (Mr. Pepin) is introducing this bill and not the Minister of National Revenue (Mr. Gray). If we wanted to search for the rationalization of the government's approach to the whole matter, perhaps the fact of the minister's imprimatur on the bill would provide the answer.

The minister speaks about division in the country. He mentioned particularly division amongst provincial leaders, but I do not think he mentioned the most significant division of all and one which we have watched for the last two years, the division in the Cabinet of this country.

Some hon. Members: Hear, hear!

Mr. Fairweather: What underlines this division, of course, is the fact that the Minister of Industry, Trade and Commerce was successful and the Minister of National Revenue now finds himself in the position of disassociating himself in a general way, and he said publicly, with the document entitled "Foreign Direct Investment in Canada"—

Mr. Pepin: Why is it then that he has been sent to the provinces to explain the bill?

Mr. Fairweather: I think we should discuss all the divisions, that is all. I should like the record to be clear.

The minister says that the government is looking at other measures in the foreign investment field. The problem is that when this government looks at other measures, it continues the uncertainty that is endemic with this government in the whole economic field. The minister discussed the essayist Montesquieu. I think he said some-

thing to the effect that "changes in realities are more important than changes in the law". I think it is a pity that Montesquieu is not here to see some of the nonsense that goes on and perhaps if he were here he would say that the reality is that there is very little change in the law and very little change in our mores.

The debate in Parliament and the country about the very large foreign presence in the Canadian economy, and the capacity of Canada to make her own decisions about Canadian economic policy, is surely in no way joined by Bill C-201, the Foreign Takeover Review Act. The bill we are considering today has been variously described in the following terms, some of which have been trotted out by the minister himself, I suppose in anticipation of what we will say in this debate. It has been described as "one big zero", as being a surprisingly modest first step, as being just plain modest, as being hesitant, as being a little nibble, of failing to come to grips, of being weak and so on. I have exhausted my energy, but I can assure you that the record is filled with adjectives about the bill. One of the most interesting appeared in the New York *Times* which said that "the reaction of American business is one of satisfaction". This must surely rank as one of the understatements of this year.

If I read the newspapers correctly, the Minister of National Revenue has announced, and the Minister of Industry, Trade and Commerce alluded to this a minute ago, that there will be meetings with provincial premiers. What we must know is whether the comments and views of the provincial premiers might mean that changes will be made in the legislation. The Minister of National Revenue (Mr. Gray) said that it would be more a consultation and that we could not anticipate any changes in the legislation. This is a sort of bow to the cliché of participatory democracy. Surely, if the Minister of National Revenue is to be believed, the bow is accompanied with a slap. He says, "We will meet you my dear premier, but nothing in the bill will be changed because of the meeting."

• (1540)

On May 2, the Minister of National Revenue made his momentous announcement about how the government intended to deal with the phenomenon of foreign ownership of the Canadian economy. The minister tabled a document entitled, "Foreign Direct Investment in Canada." I find it curious that the document and bill should have come forward at the same time. The bill, presumably, arose as a result of this document, but really has nothing to do with the warnings which are received if one analyses carefully the document. The document thoroughly confuses the public, and one wonders why legislation dealing with a small aspect of the problem came so late, is so weak and will accomplish really very little. The foreign takeover legislation is well and good, provided it is carefully drafted, contains adequate appeal provisions and has, as an essential component, provision for strong provincial inputs on decisions as to whether a specific takeover is of significant benefit to Canada.

May I say this: the man who works in the pulp mill at Bathurst, New Brunswick, if he is lucky enough to hold the job, is not as interested in the debate on the Canadian life style as he is in his bread and butter. It really does not matter to the man working in that mill in Bathurst whether the capital behind the Bathurst mill is based in Montreal or in New York. We should remember this when discussing the whole question of investment; also, provincial assistance, direction and advice is necessary in order that there may be, pursuant to clause 2(2) of this bill, assessment in determining that any acquisition or control of a Canadian business enterprise is or is likely to be of significant benefit to Canada. Unless the provinces take a great part in the evaluation and formation of policy considerations that the minister enunciated both in that clause and in his speech today, the whole matter will fall flat.

It is small wonder that the Minister of National Revenue, I suggest with great respect to him, is anxious to dissociate his name from the report. Presumably, as a loyal member of cabinet, he supports the policy itself, because that is the only way he can continue in cabinet. He spent two years developing the policy in this area and has since seen most of his work shelved, as most hon. members would admit, or nicely wrapped in red and white.

Mr. Gibson: Step by step, merely.

Mr. Fairweather: Step by step? Step by faltering step.

Mr. Gibson: No, step by careful step.

Mr. Fairweather: By two steps? Which step?

Mr. Gibson: No, no.

Mr. Fairweather: What step?

Mr. Lewis: Half step.

Mr. Fairweather: By half step; that is no step.

Mr. Stanfield: By a hop step, or a Russian steppe.

Mr. Fairweather: I hesitate to take the advice of the hon. member, whose usual routine, to say the least, is to take a double step or two-step. I have something to say, if the hon. member can refrain from talking about steps, because this is a half step or, putting it in another way, not really a conclusive step. I hope the *Hansard* reporter is enjoying this, because our interchange is not adding anything constructive to this lamentably inadequate provision. I suppose, as parliamentarians, we should stand in some awe of the government's agility to sidestep the real decisions which ought to have been made as a result of the two-year study.

Mr. Gibson: It is the opposition that does the real sidestepping.

Mr. Fairweather: I hope that the hon. member will be able to make a speech—

Mr. Speaker: Order, please. The hon. member for Fundy-Royal (Mr. Fairweather) has the floor and should be permitted to make his speech.

Mr. Fairweather: Mr. Speaker, the tragedy is that the hon. member invited me to buy his lunch today, and here he is taking a half step, or obviously a no step or non-step. Sidestepping may be one of the attributes of this government, but it is a quality I deplore; and, when the government is engaged in what I suspect is pre-election preening, it leaves it open to the charge of being two-faced upon this

issue. Tokenism has found an admirable ally in this government.

In the minister's statement of May 2 last, as reported at page 1829 of *Hansard*, he made brief reference to a most important aspect of foreign direct investment and multinational enterprise, and the need for international action. Actually the official opposition and the House in general, I suggest, would be reassured if some positive elements of such a policy were spelled out.

It is interesting to note that the minister identified this problem in his statement. It was also identified, if I may say so modestly, when the Standing Committee on External Affairs and National Defence considered this measure. At that time we heard an interesting witness, Mr. George Ball, former undersecretary of state in the United States. During the questioning, I urged upon him and on the committee the view that there was a need for the government to show leadership in this field. Canadians tend to look at the issue as one between the United States and Canada, whereas many countries in Europe and, indeed, around the world are feeling the effects of the multinationals, many of whom are more powerful than most of the governments which are members of the United Nations. I happen to believe that multinationals must be accountable to some régime; I suggest that régime should be an agency of the United Nations; for, the activities of these multinational enterprises, despite any evidence of good corporate citizenship, are of such a nature that they must be beholden to some governments or the régime of many governments. Canada, it seems to me, is in an especially advantageous position to take the initiative here, and I suggest we should proceed forthwith to host a conference of countries in the world which are affected by the undertakings of the multinational corporation. A beneficial side effect would be that debate would move away from a United States-Canada discussion and become, if I may use the word, internationalized. At least, the discussions would be internationalized and, hopefully, agreement about remedies would be reached on some international aspects of the matter.

As Douglas Fisher and others have noted, the fashionable phrase this season is "industrial strategy", as I think the minister knows,. In a sense, we are caught up with clichés. They come on the scene, are worked to death, and pass away. The one in vogue currently is industrial strategy. We are often in danger, it seems to me, when we coin or over-use words and phrases and put more meaning into them than the plain, ordinary meaning of the words can bear. If I have learned anything in public life, it is that sloganeering is a poor substitute for action and that the debasing of the language is a poor antidote for our economic ills. Mr. Fisher reminds us that using terms such as "industrial strategy" leads us into the danger of glibness and I am sure the minister, more than any other minister, avoids glibness.

• (1550)

Mr. Fisher said:

If we are to have an industrial strategy declared for Canada it must be easily understandable. It will be meaningless unless it has with it all the majesty and support of governments.

That is plural, governments. There can be no industrial strategy for Canada that does not have a provincial component. Anyone who thinks otherwise is not a federalist. Mr. Fisher continued:

That is, the assertion of it by Ottawa alone, without the positive agreement of the provinces, is almost certain to doom it.

I can add an "amen" to Mr. Fisher's comment and say that decisions about whether any acquisition of control of a Canadian business or enterprise is or is likely to be of significant benefit to Canada must have an essential provincial element as the decision process goes forward. Otherwise, and surely the minister will agree, the purpose of the bill will be doomed to failure.

Canadians must have leadership from governments in enunciating to them a very clear exposition of national, industrial and economic policies. Here I am using the language of the bill. It is fine to have this type of language embodied in the bill, but if I heard his speech correctly, the minister admits that this type of enunciation of clear guidelines is a key element in the decision about whether or not a takeover is beneficial. We have to be assured that the decisions are taken on the basis of economic considerations and not on the basis of political considerations. I am sure this must be a major source of worry for the minister. There is so much discretion left with him that he will be under some pressure. I have already watched this with the Canada Development Corporation. People have all sorts of little catalogues of things that the CDC should take up.

Mr. Pepin: You mean partisan. You do not mean political.

Mr. Fairweather: I mean partisan political. If the minister means by his question the socio-economic aspects of the company which have to do with the political life of the country in the wide general term, of course that is the consideration. I will add the word "partisan" if it makes my speech clearer. The minister should be free of partisan political considerations when the decisions are being made by virtue of this bill.

The foreign takeover review policy must be understood as being a trading policy. The involvement of the Minister of Industry, Trade and Commerce is made clear because it is a trading policy. The government, on behalf of Canadians, extracts a price for permitting the acquisition. The minister's language may differ a bit from mine, but he said the price will include such things as promises of jobs, technological improvement in the company, plant improvement, increased exports, more indigenous research and development and so on.

What if all these elements are present and then a few years hence the company trots in and says "Sorry, we have accomplished the takeover, but we are now about to close plant A and plant B." I suppose this would put the minister and his department into the area of forecasting which is perhaps better left to those of us who try to doubleguess the Prime Minister (Mr. Trudeau) about when he will be prepared to face the country in an election. The minister may be as good a forecaster as I, or perhaps even a bit better.

The Prime Minister said the government will use moral suasion in this aspect. I am anxiously waiting for another speaker from the government to delineate for me the Prime Minister's meaning of moral suasion. I think mortal man has many suasions morally, the Prime Minister none the less than the rest of us. It will certainly make most interesting jurisprudence if we see moral suasion as enunciated by the Prime Minister put into the body, so to speak, and made part of this whole takeover review board. This is an anxiety with which I will have to put up for a while. Surely, one of the spokesmen for the government will be telling us about the moral suasion which will form part of the government's policy. I hesitate to use the word nebulous, but in answer to a question of mine today, the Prime Minister said the point I was making was esoteric. I wonder if anything can be more esoteric than moral suasion. However, we will leave that consideration to other government spokesmen.

We will require a much more clearly defined and public set of guidelines because it will be our obligation, and I presume the bill is drafted in this form, when Parliament is debating at some future time whether or not a takeover comes within the ambit of this clause of the bill. This will be a public matter. In fact, there will have to be a great deal of publicity, not hurtful in the sense of income tax matters that are restricted by laws, but Parliament must not be caught in the bind that there will be "secret" stamped on some of the policy considerations that go into the decision about whether an enterprise is likely to be of significant benefit. This, of course, is a subject for another debate. However, we must, in considering this bill and the takeovers that will or will not be permitted under it, not get ourselves into the position of being hamstrung by the fact that a good deal of the information is marked "secret".

I want to discuss for a minute or two some of what I might call the worrisome aspects of the working out of the bill in its technical sense. I hope that when the bill reaches committee some of the procedures can be tested, if I can put it this way, against the philosophy behind the Canadian Bill of Rights. I suggest there are some incursions in the way the bill is now drafted. Presumably, the minister and the department, which it is obligated by law to do, has received the advice of the Minister of Justice (Mr. Lang) that the bill is in fact not contrary to the Canadian Bill of Rights. This brings me to another point.

It is a pity that the Committee on Scrutiny has not yet got around to beginning its work. It might be very opportune to have the committee activated so that the regulations that flow from this act can be examined by that committee. There has been a great deal of fanfare about the committee on scrutiny. In a way, it is rather like this whole matter of foreign investment; heap big smoke but very little fire. I hope that smoke will be cleared away and that that committee can do some useful work in this and other aspects of the examination of regulations.

As I reminded the House, Section 3 of the Bill of Rights requires the Minister of Justice to examine the bill. I am running over this quite quickly. Presumably, the minister has done that and has seen that there is no inconsistency between that bill and this legislation. It should be noted that a condition precedent to the exercise of certain of these investigative procedures is that the minister, upon an ex-parte application to a court, obtains an order authorizing their exercise. I suggest the superficiality of this requirement will have to be examined. Perhaps it would be easier to do so in committee, but the minister and the department, I feel, are entitled to some warning. Clause 14(1) empowers the minister, where he has reasonable grounds to believe that a non-eligible person or group is proposing to acquire, or has acquired, control of a Canadian business enterprise without having given due notice, and so on, to cause an investigation to be made in connection with the matter. Subclause (2) authorizes the minister to designate any person he sees fit to carry out these investigations.

• (1600)

I suggest, as an aside, though a relevant one, in relation to the conduct of an investigation affecting the rights of a private citizen, that the structure of the investigative process does not set standards and qualifications or provide, at least, for the acquisition of qualifications through experience. The minister may vary his decisions from order-in-council to order-in-council; the investigator may be changed at the whim of a minister or his successor. For this reason the proposal in the bill is more alarming than might otherwise appear, because if a straightforward proposition to establishing a tribunal had been made we would at least have known the names of those appointed as members. Other misgivings have been expressed about the structure of the review arrangements, but I shall not go into them at this point since the House has been generous to me in allowing me time in which to speak. My hon. friends may wish to discuss them later on in the debate.

I feel Bill C-201 in no way goes to the root of the problems created by direct foreign investment in Canada. This is not to say it is not a partial solution. I have not been persuaded by that part of the minister's speech wherein he dealt with arrangements for a minimum allotment of shares for Canadians. We should like to know a great deal more about this aspect. Then again, despite the minister's hesitancy when he spoke about the efficacy of Canadian directors, I believe it would be a good policy decision, if only from a symbolic aspect, to provide for some Canadian directors. Rules with regard to full disclosure on the part of foreign corporations should be rapidly implemented. Also, as I suggested earlier, we must take parallel initiatives internationally to develop a system of accountability applicable to multinational corporations. To be fair, the Minister of National Revenue (Mr. Gray) mentioned this parenthetically at the end of his statement on May 2.

I do not resist in any way, and neither does my leader, the notion that key sectors should be expanded, though I have not discussed this matter widely. It has been said, for instance, that publishing, or the distribution of books, might well be made responsive to a much greater degree of Canadian control.

Mr. Pepin: You could get to it through the word "participation" in the bill.

Mr. Fairweather: The government keeps adding "participation" to concepts like democracy. Then, it avoids

both participation and democracy. I would feel safer with the straight word democracy. Perhaps the minister would like to see the essay that the Prime Minister wrote upon the subject. My dilemma is that I have no Ivan Head to collect my essays. Not yet, anyway. Had I an Ivan Head, we might begin writing a series of essays about the denigration of the word democracy and the dilemma the government has created by announcing a new concept of participatory democracy, and then avoiding both.

Mr. Pepin: I read your essays.

Mr. Fairweather: Witness the airport at Pickering. There is a fine example of throwing out the phrase participatory democracy and then running back into the hangar.

As I had begun to say before the minister interrupted me, bargains will have to be extracted by the minister in connection with the use of Canadian services and supplies wherever possible. This is now being done, I understand, by the government of Alberta. There has been some grumbling by the foreign corporations concerned, but the government succeeded in extracting certain promises in return for licensing exploitation of the Alberta tar sands. This was a positive provincial initiative and it indicated an area in which a provincial government could be helpful to the minister as he establishes his jurisprudence.

A word in connection with the tribunals under the proposed competition act and the review process in that legislation. It is all very well to say that any differences can be reconciled in committee but it would help us in the committee and it would be useful in the remaining stages of this debate if we knew just how this minuet is to be carried on. Will it be done in the fashion of Arthur Murray, or will it be a Jean-Luc Pepin step? In any event a great deal more interpretation is called for, and I hope the information is given us before we get into committee. Otherwise, people may be required to go through both processes, and it is hard enough to go through one process at the present time when dealing with the government, let alone a double one.

Those are the principal points I have to make at this stage. It was flattering to see the minister making notes of them; I guess he cannot wait to get the "blues". In the light of all the shortcomings I have mentioned, and because the bill is such a weak approach to the whole field, I move, seconded by my hon. friend from Halifax-East Hants (Mr. McCleave) whom I have been able to persuade of the correctness of this approach:

That Bill C-201 be not now read a second time but that it be resolved that in the opinion of this House the government should consider introducing more comprehensive and more constructive measures which will increase Canadian participation in and control of the Canadian economy.

• (1610)

Mr. Deputy Speaker: The hon. member for Fundy-Royal (Mr. Fairweather) has proposed what he described as a reasoned amendment. He and other members may be able to convince me otherwise, but with great respect I think it is not a reasoned amendment as we know it within the rules and precedents of the House. I might indicate to the hon. member that one of the requirements of a reasoned amendment is that it oppose the principle of the bill. The hon. member has indicated that he does not oppose the principle, but suggests that the government should introduce far more comprehensive and, as he described it, more constructive measures. I will hear argument if the hon. member would like to present it.

Mr. Fairweather: With great respect, Mr. Speaker, I might have been better off had I said nothing when introducing the amendment. This is a very important procedural point you have raised, Sir. When the rule changes were made two or three years ago, we changed the status of the second reading stage of a bill from one in which the House accepted the principle, to one in which a whole different series of considerations apply. Therefore, I respectfully suggest it is not out of order to propose an amendment which does not foreclose future action by any group within Parliament. This is the case because of the rule changes made in 1968. We should not be foreclosed, and cannot be foreclosed from this course of action because of the new setup which is inherent in the various stages a bill now goes through; that is discussion now, delineation in the committee, report and then third reading.

Mr. Deputy Speaker: The hon. member for Fundy-Royal, in proposing a reasoned amendment, has referred to the rule changes. If the hon. member can give me authority or precedent to indicate that the rules in respect of reasoned amendments have been changed as a result of the rule changes I will be guided by that. However, it is my opinion that considerations as to the procedural acceptability in respect of reasoned amendments have not been changed by the rule changes. Many hon. members who are learned in procedural matters have argued that this is the case, but because hon. members argue that to be the case does not make it so. With respect, I feel there is no authority vested in the Chair to alter the established principles outlined by Beauchesne and other authorities who have guided us for some time. In my respectful opinion, the rule changes have not changed the considerations I must apply as to whether or not the Chair should accept a reasoned amendment. For that reason, and the reasons I mentioned earlier, I regretfully must come to the conclusion that this is not a reasoned amendment and, therefore, it cannot be put to the Chamber.

Mr. David Lewis (York South): Mr. Speaker, I think it was clear to everyone who listened to the minister that he was engaged in a defensive speech, defending the bill and a policy he knew had very little meaning for Canada and for the future of this country. During his speech he put himself in the role of Tevyah in "Fiddler on the Roof". I should like to remind the minister that the first fiddler was Nero, and that is the role that fits the minister much better. It is a much more appropriate role for him in this case, because he is fiddling while Canadian independence is being continuously eroded. That is what this is all about, Mr. Speaker.

If I heard the minister correctly, he expressed the hope there would be unanimous support for the bill. I want to tell him now that there is not. This is a poor bill and a poor substitute for action to protect our country and its future, so we do not intend to support such a useless step as the minister has proposed.

The minister said there was opposition to the bill from members of this House. I think it is useful to put on record quotations from three editorials in newspapers which I do not think have the same political bent. In an editorial in the Windsor *Star* of May 3, 1972 we find this:

> The government is guilty of misleading the people of Canada. It promised to bring forth a foreign ownership policy. It didn't bring forth a policy, it brought forth a pitiful joke.

I am sometimes accused of using strong language, but I do not think I could have used any stronger language than that used by the editor of that paper.

The Toronto *Star* of May 3, 1972 had this to say:

> What the Trudeau government produced yesterday, after two years of huffing and puffing, is only a pitiful embryo of a Canadian policy on foreign ownership. The mountain that laboured to bring forth a mouse did a noble day's work by comparison.
>
> To call this a policy on foreign ownership is an insult to the intelligence of Canadians. This is no more than a feeble, timid gesture that will bitterly disappoint many Canadians who cherish their country's independence—

The Edmonton *Journal* of the same date stated:

> But what itsy-bitsy legislation it really is! Why it took Ottawa all these months to come up with a mere 14-page bill is a puzzle. The mountain has clearly laboured and brought forth a mouse.

This has been the reaction of everyone concerned about Canada's independence and the future of our country. As far as my colleagues and I are concerned in this debate, it is not the details of the bill or its inadequacies for the purpose for which it is produced that bother us. The real issue facing this Parliament, as it faces all the people of this country, is the preservation of the Canadian identity, the ability of Canadians to choose their own goals and to plan their own distinctive future and society. What is at stake, and this is merely a small part of the whole problem, is the very future of this country, the jobs of Canadians in years to come, the question as to who will make priorities for investment in Canada, and the question as to who will decide the direction of Canada's economy in coming years, based on our experience that decisions in a large sector of our economy have in the past been made by multinational corporations, by boards of directors and by management outside this country.

The hon. member for Fundy-Royal (Mr. Fairweather) spoke of multinational corporations. The important thing for us in Canada to realize is that the global interests of multinational corporations make Canada's interest secondary. When the interests of a corporation conflict with the interests of the Canadian people, there is simply no doubt about what the decision of the corporation will be. It is the interest of the multinational corporation that will take precedence.

I remind hon. members of this House, because I feel so deeply about this matter, that this issue of Canada's independence is older than Canada itself. History has taught us that confederation itself was the result of the collective desire of people in this part of North America to be independent of the expanding republic at the southern border. That is the purpose for which Canada was created, and that is the purpose which successive governments of this country and successive business corporation leaders in Canada have, in my view, eroded. That is why I believe this bill must be opposed. Our history as a country has been marked by repeated efforts to resist absorption by the United States.

• (1620)

When those of us who urge self-reliance for Canada, a greater independence for this country, do that we are often accused of being anti-American. I want to make clear again, as I have on many occasions, that I do not blame the United States at all. I reject some in my party, not in this caucus, who accuse the United States of doing all sorts of things to Canada. One of the phrases they use is that the United States has raped Canada. I am lawyer enough to know that you cannot have rape when there is invitation and consent. The fact is that successive Canadian governments and successive Canadian business leaders have invited the United States corporations to come in and exploit our resources, have invited them to set up branch plants in this country and have deliberately sold a large part of our economy to the multinational corporations even before they became as powerful as they are now. I suggest this is not being anti-American. This is merely recognizing the fact that at this stage in our nation's history we have reached another one of those historical moments when action is required to stem the tide of United States domination. I say this requires immediate action which starts now, for none of these things can be accomplished overnight.

This process will take years. At some point, under an imaginative federal government, a comprehensive beginning must be made. The time is rather too late than too early. The New Democratic Party has therefore repeatedly expressed its determination that Canadians regain control of their economy. Later in my remarks I shall propose at least some steps which should be taken now. What really depresses me is that the minister said in his speech,—as I am sure all members of the Liberal party know—and has admitted it is so, that a majority of Canadians want greater independence for the economy. Then, the minister, and I hope he will forgive me, ended up with a pitful defence of nothing. There is a desire on the part of the Canadian people for greater economic independence. The Liberal party admits that people want this but chooses to do not much, if anything, about it. The government and its predecessor, also a Liberal government, have had two task forces. There has also been a parliamentary committee. Very definite recommendations were made but almost all the recommendations have been ignored and swept under the rug.

The government set up a task force through a member of its cabinet to produce a policy. The policy, when it reached the floor of Parliament, did not even scratch the surface of the Gray report let alone the issue of foreign control of our economy. I remind, you, Mr. Speaker, that the Gray report set out five channels of foreign penetration of our economy. This bill deals with only one of these, takeovers of existing Canadian firms. It deals with this one of the five, the least important which covers the smallest part of the foreign capital investment in this country. The minister stated that it represents 5 to 20 per cent, of foreign investment, but in most years it is closer to 5 per cent than to 20 per cent. That is the only part of the problem with which this bill and the government deal.

I want to say that from the statement the Minister of National Revenue (Mr. Gray) made on May 2 and from the statement the Minister of Industry, Trade and Commerce (Mr. Pepin) made this afternoon, it is clear that it is not the intention of the government to stop or even limit foreign takeovers. The intention is merely to give the minister and his department or whoever else deals with big corporations an opportunity to bargain for what the minister calls a better deal of significant benefit for Canada.

I am not prepared to buy this sham. I say to the minister that what he is saying is utter and complete nonsense. There is absolutely no guarantee that a deal he is able to negotiate today in respect of a takeover would be honoured a year, two years or three years from today. What would the minister do then? Would he unscramble the takeover that has already existed? This idea of negotiating for a deal is a phoney attempt to try to justify a bill which does nothing in respect of foreign ownership because there is no way in which the minister and his department or any agency of the minister or of his department can get a guarantee for the future of Canada's economy in any deal he makes. If circumstances were such that after a year or two the plant closed down, Canada would be in the soup under this bill because the minister would not be able to do anything about it. Even at this point the government has fallen down on the job by its failure to provide for the period between introduction of the bill at the beginning of this month and its proclamation. It has given its corporate friends a breather in which they can make their takeover bids quickly without any review.

I do not know whether or not such a thing has happened, but the bill will not come into effect until proclaimed by the government and what will happen remains to be seen. I ask, what about the other areas in which the Minister of National Revenue's report said that legislation might require registration with the review agency? What of direct investment in new companies by foreign owners? What of new licensing and franchising arrangements? What of major new investments by existing foreign-controlled corporations in Canada? These are the important areas of possible further encroachment on Canada's economic independence. The takeovers the minister's bill deals with are picayune compared to the total problem the Gray report brings to Parliament and the people of Canada. What about these areas? The fact is that the government, like all its continentalist predecessors, is turning a blind eye on the really important parts of the problem, which threatens Canada's future. Limiting its legislation to takeovers is like hunting big game with a popgun. It will not work here any more than in the actual situation.

The Prime Minister (Mr. Trudeau) has openly admitted the inadequacy of this measure. Confronted by the outcry of commentators and the public, he blithely tossed the problem to the provinces and said: Let them fill in the gaps. As are other Canadians, I am shaken by the Prime Minister's abdication of a clear federal responsibility. I say that one of the fundamental and essential duties of a central government in a federation like ours is to safeguard the integrity of the nation, of the state. The Prime Minister surely would not suggest that the military defence of Canada is anything but a federal responsibility. I say, on behalf of the New Democratic Party that the economic defence of Canada is equally a federal duty and a federal responsibility . I say to you, Sir, that economic conquest is as destructive of a nation's identity as is military conquest, even if it is a great deal less painful.

I cannot help but note that the statement of the Prime Minister is a long way from what he wrote in *Cité Libre* about foreign ownership in the days of 1958 when he said:

> Shall we suffer passively our situation of economic domination? . . . It could be better to be annexed outright by the United States than be exploited without limits.

That is what Pierre Elliott Trudeau wrote.

Mr. Francis: He still believes in it.

Mr. Lewis: A Liberal member says he still believes it. He may have some secret knowledge of what the Prime Minister believes. All I know is that the policy for which the Prime Minister is responsible is a betrayal of the words he wrote in 1958. But I am not speaking today for the purpose of underlining the mutations of the Prime Minister since he tasted power. My purpose rather is to point out how this government, after years of research, after two task forces and a parliamentary committee, has dashed the hopes of Canadians. It is also to express again the determination of my party, the New Democratic Party—a determination which, I am convinced, is shared by millions of Canadians inside and outside our party—that control of the economy must be returned to Canada and that the steps in this direction must be begun now.

• (1630)

It is therefore my intention to suggest a number of steps that we want taken immediately. One of the first steps we have urged on this government for some time has been illustrated in the last few days by the government of the province of Ontario which accepted the Prime Minister's challenge to the provinces to act, much to my surprise, I must confess, and only, from what I have seen, under prodding by members of the NDP in the provincial legislature, when it announced discontinuation of forgivable loans to foreign corporations. In any case, just last week the Ontario government admitted that there was no way of showing that its so-called forgivable loans, that is grants which are given in another name but which smell just as sweet to the corporations, influence the location of industry. As a result, the government of Ontario has suspended these forgivable loans to foreign-owned corporations. I ask you, sir, to contrast this with the situation in the federal arena. Each year and for the future, so far as the policy of the government is concerned, the federal government continues to hand out many millions of dollars to foreign-owned corporations.

Permit me, Sir, to put a few relevant figures on the record. In recent years, 39 per cent of all grants under the Industrial Research and Development Incentives Act, referred to as IRDIA, has gone to foreign owned corporations. In the case of the Program for the Advancement of Industrial Technology, known as PAIT, it has been 45 per cent. Under the Defence Industry Productivity Program, known as DIP, it has been a staggering 86 per cent. A fifth of all shipbuilding subsidies and half or more of all DREE grants have gone to foreign-owned corporations. We have

not only invited foreign capital to come in and take us over but by deliberate policy and deliberate laws, we continue to give them the wherewithal to continue their expansion of ownership and control of Canada's economy.

To sum up, in the last four years more than $200 million have been paid under these programs to foreign-owned corporations, and there are commitments for tens of millions of dollars more that have not yet been handed out. Remember that all of this is in addition to the hundreds of millions of dollars that the foreign-owned corporations that control our minerals and our energy resources receive in tax incentives and concessions, in depreciation and depletion allowances.

Let me say that so long as this policy is continued by this government or by a Conservative government—as I am sure it would be if the Conservatives came to power—all this talk about trying to protect Canada's independence, is, in my profound conviction, just words that mean nothing. We invite these publicly owned corporations to use public funds, the money of Canadian taxpayers, to go on expanding their control of the economy, and they take advantage of it now as they will in the future. I say as my first suggestion that the government must put an end to this give away to corporations controlled outside Canada and use the money in the creation of jobs in Canadian controlled enterprises, whether under public auspices or in private enterprise, or a combination of the public and private enterprise.

There are merchants of doom and gloom who claim that regaining control of our economy would lower our standard of living. Indeed, this is what the minister suggested in his speech today. He suggested it gently but obviously. I reject that proposition. I cannot accept it because I believe it is not true. I just cannot believe that a people like the Canadian people, who hacked this nation out of a rocky wilderness, are unable at this stage of this country's development to fend for themselves without the help of so much foreign capital, foreign managers, and foreign know how. Indeed, some of our most reputable economists have clearly shown that there is enough capital in Canada, there are enough savings in this country, for us to develop our industry and to buy back some of the important industries that are now in the hands of outsiders.

There is simply no evidence to suggest that we would lose jobs if we insisted on controlling our own economy. On the contrary, there is much evidence that foreign ownership of our economy costs Canadian jobs every year. For example, recently we were threatened with a shutdown of the Ford plant in Canada because Ford in the United States had not complied with American regulations. Please note that Ford did not break any Canadian rules, yet its Canadian plant could be shut down along with the American plants and for no other reason than that it is controlled from outside Canada.

Our economic dependence on the United States has also made us particularly vulnerable to DISC and other American protectionist measures. As Canadians, we should note that these protectionist American measures affect all trading nations and affect Canada as a trading nation, but where Canada is concerned it affects us much more profoundly because DISC threatens our well-being not only through a reduction in trade but even more directly it threatens Canadian jobs. Branch plants of American controlled corporations will obviously be tempted and induced to reduce their operations in Canada and to concentrate their production in the United States under DISC. Our economic dependence on the United States therefore makes us doubly vulnerable, perhaps ten times more vulnerable to American protectionist policies than any other country that is concerned only with its trade to the United States and across the world.

If I had the time I could cite numerous other examples, particularly of shutdowns of branch plants in this country in the last few years that have cost Canadians thousands of jobs now and will in the future. This is the kind of thing that foreign ownership means in terms of the life of the people in the pulp mill in Bathurst that the hon. member for Fundy-Royal (Mr. Fairweather) mentioned or the people working under any other foreign-owned corporation in this country. The fact is that their destiny, their jobs and their future are not under Canadian control, not even under government control so long as the power of the foreign corporation remains.

I make a second suggestion as earnestly as I can, and that is that Canada's present foreign exchange reserves of almost $5 billion worth in both gold and U.S. currency lying idle in the vaults of the Bank of Canada should be used to begin the job of repatriating our economy, buying into some key industries in the resource sector and in other sectors that will have a key role in our future development. This is what we ought to use our foreign exchange reserves for now. I urge the government to take such a step immediately in order to plug the gaping holes it has left in its foreign ownership policy.

• (1640)

Third, I urge that the government should strive to force the interest rates in Canada down to half a point, or perhaps a full point below those in the United States. So long as we play the game that the government and the Bank of Canada have played for years of deliberately keeping our interest rates above the level of those in the United States, then so long are we inviting and inducing foreign capital to invade our country. I repeat that my third suggestion is that we bring interest rates down below the American levels. This would not only slow down the inflow of foreign capital but it would have significant social consequences in Canada. It would make domestic capital far more easily available for housing and for all the other needs of the Canadian people. It would also work to reduce the foreign exchange value of the Canadian dollar, thus helping Canadian exports in international markets and creating more jobs in our export industries. This is another way in which we should attack the problem of foreign ownership.

Fourth I urge, as we have suggested for a long time, that the tax and other concessions granted to the oil and mining industries, which are overwhelmingly foreign owned, should be withdrawn both in order to stop this concentration in foreign hands of our resource industries, which are capital intensive and do not create sufficient jobs in this country, and in order to make our tax system a great deal more equitable. I know that there are some

hon. members on both sides of the House who will disagree with these suggestions, but I make them without qualification because I believe they point the road along which, so far as we can see, this country ought now to travel.

My fifth suggestion is that the government should levy export taxes on all raw materials and energy resources that leave the country. These vital resources are often exported to the United States and other foreign markets at below world prices. Export taxes would curb the inflow of foreign capital to our resource industries, making it possible for us to divert investment capital in more socially useful directions, and at the same time would increase activity in the processing sector and open up opportunities for thousands of new Canadian jobs.

Sixth, Mr. Speaker, I urge that the government should also join the provinces in establishing standards of resource planning and development, including requirements for processing raw materials in Canada.

My seventh suggestion is repeating what I said, if I remember correctly, on May 2, that this control or screening agency must have real power to limit the further expansion of foreign ownership and control in all its forms in all the fields set out in the Gray report. It must at least have the power to obtain all relevant information, to investigate particular industries and practices, and to limit the establishment of new companies by foreign owners and the expansion of ones already controlled outside Canada, as well as the taking over of existing enterprises. Without these powers in all these directions it would be, as it is a toothless exercise.

Mr. Pepin: Do I understand the screening as defined by the hon. member, would have the objective of preventing, of limiting? If so, when would foreign investments be allowed through the screening process that the hon. member has in mind?

Mr. Lewis: Mr. Speaker, my short answer to the minister's question is that, so far as we are concerned, it would be allowed where it is clear that there is not Canadian investment capital to do the job. It would not be based on any negotiating of a deal for certain advantages which cannot possibly be guaranteed over the years. It would be allowed only if there is not Canadian investment capital to do the job, and it does not matter whether Canadian investment capital is invested through public enterprise, through private enterprise, or through a combination of both.

Mr. Pepin: Does it matter—

Mr. Lewis: I cannot hear the minister.

Mr. Pepin: As the hon. member said there was plenty of money lying around in Canada, then obviously it would be a very exceptional case when foreign investments would be allowed. It would be most exceptional, in fact an accident, if I can judge from what is said.

Mr. Lewis: Mr. Speaker, I do not quite get the thrust of the minister's question. I say to him that we believe it ought to be the government's objective to limit foreign investment in all spheres.

I am not suggesting that there should be a 100 per cent prohibition because that is silly, since there may be areas where it would be useful. But it should be the government's intention in law and in policy to limit foreign investment, and to limit the expansion of foreign-controlled corporations already in Canada. Actually, the minister's question takes me to my next point, which appeared in my notes earlier, but I delayed dealing with it until now.

Mr. Lang: Mr. Speaker, I wonder if I could ask the hon. member a question before he gets to his next point.

Mr. Deputy Speaker: Is the Minister of Justice rising to ask a question?

Mr. Lang: Yes.

Mr. Deputy Speaker: Hon. members may, of course, ask questions if the hon. member for York South wishes to respond to them, but I would hope this would not be too often. The hon. member for York South has that option.

Mr. Lewis: Certainly, I will accept the question, Mr. Speaker. I am, as you know, a very courteous member.

Mr. Lang: I thank you. I appreciate that courtesy from the hon. member. Referring to the hon. member's suggestion regarding the imposition of export taxes, would he not agree that export taxes on such items as potash, oil and gas might limit the power of the provinces to exact certain amounts of revenue from these resources? And going to a fairly different field, in respect to the hon. member's suggestion of trying to encourage processing, would this mean imposing a tax on the export of wheat in order to encourage its processing into flour in Canada?

Mr. Lewis: Mr. Speaker, if the minister had stopped with the first question he asked I might have been tempted to answer politely, but his second question destroys that temptation. He knows perfectly well that no one in this House or in Canada would suggest that. This is the kind of partisan and rather cheap barb that I cannot take the time to answer just now.

Some hon. Members: Hear, hear!

Mr. Lang: So, you ignore the first part.

Mr. Lewis: Mr. Speaker, out in Saskatchewan I have had the pleasure of telling the people what this minister has done for agriculture, this Minister of Justice who undoubtedly was given the title of that portfolio because the injustice of his agricultural policies was so evident. I will deal at the appropriate time with what he has done to western agriculture, but I do not propose to take the time now to answer that kind of cheapness.

Mr. Lang: I thought it was relevant.

Mr. Lewis: There is, of course, a real problem in Canada so far as the provinces are concerned. The Prime Minister, other ministers, and members of the official opposition keep on referring to the fact that the provinces want development and some of them, or all of them therefore, object to any limitation of foreign investment. I do not

blame them under the present circumstances, Mr. Speaker. That is why the New Democratic Party, ever since it was founded in 1961, has emphasized the need for an agency in Canada that would give alternative sources of investment to the provinces and to industry in this country. That is why in 1961 we proposed the Canada Development Fund, which has since been appropriated by the government as the Canada Development Corporation and, having appropriated it, destroyed the idea in the CDC that it has set up.

• (1650)

It was precisely our knowledge that if you are going to limit investment from outside you must provide an alternate source of investment that made us suggest—and the idea has been torn to shreds by the Liberals as usually happens to our ideas—a Canada development fund or Canada Development Corporation that would not be the toothless thing we have now. When I want to ask a question about it, I must first ponder which minister should answer because this is not a Crown corporation but an independent company which is now spending all its time buying up corporations such as the Connaught Laboratories in Toronto. In this case we now find that instead of a Canadian agency distributing a certain drug for a certain animal disease, the Canada Development Corporation uses an American controlled distribution agency. That is the kind of thing that the CDC is doing now. If it had been formed according to our suggestions, which would by law require a certain percentage of the reserves of all corporations in Canada to be invested at a certain return in the Canada Development Corporation as well as having individuals in Canada invest in it and thus had billions of dollars at its disposal, it would then be possible to tell the provinces that they should not go to foreign markets for investment capital. We would have Canadian funds available for the development of the resources and the economy of the provinces. In this case, the provinces would not object to limitations placed on foreign investment because there would be an alternative source.

The Canada Development Corporation must be revamped to meet this need. It must have a mandate both to invest in new industrial development and to buy into existing multinational corporations. It must have the authority and duty to expand the public sector of the economy, either through Crown corporations or through consortium arrangements with private concerns. One thing is sure, a publicly owned enterprise in Canada will remain Canadian; it will not be sold as privately owned corporations frequently are.

The CDC should engage in heavy research and development spending independently or in partnership with private corporations. I underline that we are not being doctrinaire about this in the slightest. It does not matter whether it is a public enterprise, a private enterprise or a combination of both, as long as the doctrinaire private enterprisers do not stop the expansion of the public sector in Canada in areas where private enterprise simply will not go or to which they will not go without hundreds of thousands or millions of dollars in grants when this money could be used to develop Canada instead of to increase the profits of foreign-owned corporations. One of the principal objectives of the CDC must be to encourage new initiatives and develop Canadian technology so that our dependence on multinational corporations for know-how is reduced.

Finally, Mr. Speaker, I suggest that all of our economic conversations here will have relatively limited use unless we have the imagination and courage to introduce a program of rationalization and specialization in Canadian manufacturing. Our branch plant situation, as a result of foreign ownership, has meant that an unplanned, unbalanced and unspecialized number of branch plants of foreign corporations meet in the international market. Our aim should be to meet more of our domestic demand, thus relying less on imports, and to change our trading pattern away from a single predominant market in the United States.

Mr. Speaker, I am about to conclude but I should like to say that we also need a government export agency to ensure that all corporations in Canada promote trade in accordance with Canadian laws and policies and that they do not submit to foreign laws and policies.

Finally, on the question of plant shutdowns of branch plants of foreign corporations, Mr. Speaker, on behalf of my party I demand full disclosure of all the facts before this is allowed by either the federal or a provincial government. In this way, the appropriate government could take the necessary steps to avoid the loss of jobs. This would include taking over plants threatened with shutdown when their operations are economically sound and socially useful. Mr. Speaker, it has been my—

Mr. Deputy Speaker: Order, please. The hon. member indicated that he was finishing, and I have given him an extra minute, but his time is now up. Hon. members may wish to extend his time but I must bring this to their attention. Is there consent for the hon. member to continue?

Some hon. Members: Agreed.

Mr. Lewis: Mr. Speaker, I am afraid this is a bit anticlimatic because I was merely going to do a short peroration—

Mr. McCleave: Perorate away!

Mr. Lewis: I just want to say through you, Sir, to members of Parliament and the people of this country that as I travel across Canada I get the impression that, perhaps more than any country in the world, Canada can realistically reach for greatness. I never travel across this country but I am impressed by the wealth with which we have been endowed, by the very great beauty in all parts and by the devotion and commitment of all of Canada's people. We have the resources, we have the skills to build in Canada a really humane society, a really compassionate society from which poverty is eliminated and from which inequality is withdrawn in which all Canadians have a sense of being, a sense of self-respect and dignity in their old age as well as throughout their lives. This is the kind of country we have, and I resent with all my heart that we have been so short sighted and so anxious to make a fast buck as to sell our great wealth out to organizations that do not have the interest of Canada at heart and to put a large part of our economy in the hands of

corporations that have so many worldwide interests that the objectives and priorities of Canadians mean very little to them. I think we are less than we ought to be in failing to take steps to regain control of our own social and economic destiny in view of the greatness which Canada can achieve if governments had the courage and the imagination to let Canadians do the job.

Some hon. Members: Hear, hear!

PROCEEDINGS ON ADJOURNMENT MOTION

SUBJECT MATTER OF QUESTIONS TO BE DEBATED

Mr. Deputy Speaker: It is my duty pursuant to Standing Order 40, to inform the House that the questions to be raised tonight at the time of adjournment are as follows: the hon. member for Hillsborough (Mr. Macquarrie)—External Affairs—Bangladesh—Establishment of Facilities in Dacca for Canadian Plenipotentiary; the hon. member for Dartmouth-Halifax East (Mr. Forrestall)—Pensions—Alleged threat of loss of allowances of blind persons working on LIP projects.

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

PRIVATE MEMBER'S MOTIONS

HIGHWAYS

REQUEST FOR FEDERAL PARTICIPATION IN CONSTRUCTION PROGRAM IN ATLANTIC PROVINCES

Mr. Robert McCleave (Halifax-East Hants) moved:

That, in the opinion of this House, the government should consider the advisability of declaring as rapidly as feasible a 90-10 formula of cost-sharing with the Atlantic provinces, of the highways program formerly carried on with those provinces by the Atlantic Development Board, and of joining with Nova Scotia and New Brunswick in the Fundy Trail project, and of joining with Nova Scotia in building a crossing across the Shubenacadie River.

He said: The resolution that I have presented for debate today is similar to one that was debated approximately 14 months ago. However, because it deals with an important matter, the development of Atlantic transportation, I do not hesitate to bring it forward again and, until the objectives of the motion are attained, I will be inclined to bring this matter forward on future occasions.

• (1700)

The most important thing that I can do as a federal representative for the East Hants part of my constituency is obtain some form of crossing, either causeway or bridge, across the Shubenacadie River. I shall devote most of my speech to giving reasons for my support of a Shubenacadie River crossing. I understand that other

hon. members have dealt with or will deal with the missing links of the Fundy Trail in New Brunswick.

The Shubenacadie River crossing is a dream entertained for more than 40 years by a group of citizens. A committee is actively promoting this idea, its chairman being one G. McLellan who lives in East Hants. The crossing concept is supported by the maritime provinces Chamber of Commerce, the municipalities of East Hants, West Hants and Colchester, the towns of Truro and Stewiacke, the Tourist Council of Central Nova Scotia, the Annapolis Valley affiliated boards of trade, the Truro Industrial Commission, the Fundy Vacation Trail committee of Nova Scotia and New Brunswick. It is supported by the Nova Scotia Federation of Agriculture, as well as by other bodies. This idea finds general political support in the area. Perhaps of more appeal to the government is the support given by the East Hants Liberal Association.

The crossing may be either a causeway or bridge. The causeway has some advantages in that it would create a vast inland lake which could be used for recreational purposes and provide a water supply for several important towns. The disadvantages of the causeway would be the effect that it would have on wildlife. After I made my speech in the House on this subject some 14 months ago, I received half a dozen letters from various wildlife groups who said that the causeway would play hob with wildlife along the Shubenacadie River. On the other hand, building the causeway would enable land to be reclaimed for agriculture. So, those two factors must be weighed. I am not particularly taking sides on this issue at present. I am merely arguing in support of a crossing.

There are several advantages to a Shubenacadie River crossing. First, the crossing would fill in one of several unfinished links in the Fundy vacation trail. The Fundy vacation trail would be a natural railway for tourists, most of whom, as we say in the Maritimes, come from the Boston States. They enter southern New Brunswick and travel to Digby or Yarmouth in Nova Scotia, most of their trip being within sight of the Bay of Fundy. Second, truck traffic into and out of the Annapolis Valley, which is increasing, would have a shorter route in that it could cut across that part of northern Nova Scotia by Truro, and go up to New Brunswick, if that were desired. Third, there would be important advantages for agriculture, both in East Hants and in the Annapolis Valley.

Some day, Sir, Fundy tidal power will be developed, and the Shubenacadie River crossing will enable tremendous savings to be made in the transportation of materials used in the development of Fundy tidal dams. So, there will be savings of millions of dollars in transportation alone for that massive development, if and when it comes about.

I have just given the fourth reason. Fifth, personal amenities would be increased. The crossing would increase the ability of the young people of East Hants to travel to and from schools at Truro and go home for the evening without needing to travel 30 or 40 additional miles, as at present, in order to obtain their education. Shoppers would derive the same advantage, and a more adequate provision of health services would be an additional, important factor to be considered.

In the submission made some years ago, the then chairman of the Shubenacadie River crossing committee, G. H. MacDuffie, made this point:

> In this same area there is one of the highest infant mortality rates in Nova Scotia chiefly because more easily accessible medical and hospital services are not available.
>
> The proposed crossing would put these people 30 miles or more or a good part of an hour, closer to the medical, dental, clinical, ambulance and hospital services which now make a 60-mile round trip.

Mr. MacDuffie and others made that submission to the Nova Scotia cabinet. I ought to say that the natural capital of East Hants really is not Halifax but, rather, the town of Truro.

The sixth point in favour of the Shubenacadie River crossing is that great savings would be realized in transportation. The Margeson Study of 1964 indicated savings over a 20-year period of 24.25 million travelled miles and 546,000 man or woman hours. Putting it another way, if you allowed 10 cents per mile for driving, which is a low figure in today's circumstances, the savings would be greater than $3 million. Those figures, of course, are out of date; if brought up to date, the savings would be considerably larger than those I have mentioned.

When the Standing Committee on Transport and Communications visited Nova Scotia some years ago and studied Atlantic transport needs, I arranged for the Shubenacadie River crossing committee to ask Mr. MacDuffie to make an appearance before my colleagues on that committee. The committee met with representatives of the Shubenacadie River committee. Subsequently, when the committee wrote its report for the House of Commons, it said as follows:

> It is further recommended that the government should consider the advisability of instituting a five-year program of federal assistance to highways in the Atlantic provinces, $30 million to be the maximum federal contribution in any one year. This program should be financed on a 90-10 basis.

That is the formula I set out in my notice of motion. I continue:

> The provinces would be required to submit plans for a defined network of all-weather highways, chosen for their effect on competition among transportation modes in the Atlantic provinces, and for their contribution toward the economic development of the Atlantic provinces.

That part of the report of the Standing Committee on Transport and Communication, drawn up on June 17, 1969, is found at page 39 of issue No. 28 of the proceedings of the committee for that year.

It may also be interesting to put on record part of the document drawn up by Atlantic premiers in March, 1969, dealing with the basic elements of the Atlantic provinces transportation policy. Three new premiers have taken the places of those three who helped to draw up this report. As I understand it, Atlantic transportation is generally dealt with by the Maritimes Transport Commission, in Moncton. Furthermore, the views that were then expressed would undoubtedly be the views of the present governments of the four Atlantic provinces.

After saying there should be a detailed assessment of the network needs of the individual provinces, the premiers proposed, as shown at pages 17 and 18 of The Basic

Elements of an Atlantic Provinces Transportation Policy of March, 1969, that:

> The length of this program should be ten years with the first five years fixed and the balance renegotiated and reconsidered prior to the conclusion of the first five years. The federal share of total costs, including acquisition of right of way, should be 90 per cent for the first five years. Prior to the end of ten years, a further program should be negotiated, if needed.

• (1710)

That is found at pages 17 and 18 of the report to which I have referred. There is no doubt that the federal government has made substantial payments toward Atlantic transportation. This was first done through the Atlantic Development Board and, laterally, through special agreements with the different provinces. As the Minister of Transport (Mr. Jamieson) said in the House of Commons on Tuesday, March 14 this year, and I quote:

> At the peak of this program—

That is the road construction program in the Atlantic provinces.

> —this support was at the level of about $57½ million a year.—
>
> Last year new agreements were negotiated with New Brunswick, Nova Scotia and Newfoundland totalling $60 million. Over the past seven years, therefore, federal support for Atlantic Province Highways has averaged about $45 million a year, or over the period some $315 million, with many projects being funded entirely by the federal government.

I do not quarrel with the amounts that have been spent on what I think are very basic, essential services for my part of Atlantic Canada. What I suggest is that it be on a formula basis so that the provinces will know that it will be done on a 90/10 basis and they can then proceed to develop their plans on a somewhat different basis from the one now used.

In pursuing the goal of the Shubenacadie River crossing, I have considered the alternative methods by which it could be achieved. At one time I thought that the Department of Regional Economic Expansion could play a role in helping to provide the crossing, but I gather that the department is now concentrating its efforts on growth centres. Therefore, it seems that this role might be minimal and the important role will be shared between the province of Nova Scotia and the federal Department of Transport. This is the way I have developed my strategy in trying to do the best I can to keep this matter in the limelight and to ensure that eventually the federal and provincial governments have a serious discussion about providing that link across the Shubenacadie River.

Before the Department of Regional Economic Expansion concentrated on growth centres and while the Atlantic Development Board was still alive and well, I had a discussion with some of its economists about the formula that might be applied to justify a Shubenacadie River crossing. The board then used a 7 per cent economic funding of a project such as the river crossing. It estimated that the benefit figure should be between $280,000 and $350,000 per year. They looked at the Margeson report, which I mentioned earlier, that dealt with the transportation benefits. They felt that the economic benefit of the Margeson report would have been somewhere around $117,000 a year. They estimated that the agricultural marketing benefit would be around $24,000 a year.

These figures, particularly the second, seem to be ridiculously low. However, I quarrel with them because in the fluxion of time those figures should be substantially increased. In any event, that is the reason the Shubenacadie River crossing has been considered to be a marginal matter and why there is no crossing over the Shubenacadie in the Maitland area.

In concluding my argument on this point, I would like to say that I do not care much for the figures involved or for the economic considerations that can be set down on paper in black and white. I have a hunch. The reason is that at one time East Hants was one of the great parts, not only of Nova Scotia, but of North America. The shores of the Shubenacadie River rang with the hammers of those building some of the greatest ships of all time. In fact, the largest four masted vessel, the *W. D. Lawrence.* was built in the Maitland yard. If you go to that area today, where the largest of all vessels of this type was built, you will find a peaceful meadow by the side of the Shubenacadie River. I believe in historical ups and downs of areas. They can have their periods of difficulties and then come back.

I suggest, and this is going to be a large part of any political arguments I ever make for the rest of my time in politics, by building a Shubenacadie River crossing, both the provincial and federal governments would not only be doing a vast service to that particular part of my constituency, but they would get a return many times over. Anyone who would go there and look at the prosperity which would flow from this project would feel they had taken a wise and statesman-like step.

Mr. C. Terrence Murphy (Sault Ste. Marie): Mr. Speaker, I wish to congratulate the hon. member for Halifax-East Hants (Mr. McCleave) upon the argument he has put forward for a crossing over the Shubenacadie River. It was an impressive argument indeed. If it is followed and accepted, hopefully the people of that area will know after whom to name that crossing. The hon. member cited a number of groups which support this concept. Although I was listening closely, I did not hear him mention the involvement of the provincial government. There is no doubt that that government supports it to some degree, but I would like to know what type of priority it attaches to that particular crossing. It seems to me that a bridge of this nature within a province is something which should be dealt with primarily, at least at the outset, by the provincial government involved. The initiative should come from the provincial government.

It is my understanding that there is an ongoing shared-cost program between the Department of Regional Economic Expansion and the Atlantic provinces, and that that program was negotiated with all of the Atlantic provinces. I understand it concerns itself specifically with highways and bridges. It is also my understanding that up until this time at least, none of the provincial authorities who are parties to this agreement have asked for either of the proposals which have been put forward by the hon. member. The hon. member may think it strange for a member from northern Ontario to become involved in a debate on a crossing of the Shubenacadie River, a debate which he suggests is on cost-shared programs between the federal government and the Atlantic provinces.

One of the reasons I entered this debate was to draw to the attention of the hon. member and the House the fact that it is not only in the Atlantic provinces that problems exist with regard to highways, bridges and so on. Very specifically, if the federal government is getting into this field, I would like it to take a look at Highway 17 as it wanders from Ottawa, through Sudbury and on to Sault Ste. Marie, which happens to be my constituency. I do not suggest that members of the government drive that route because the dangers are so great that it might well be these officials might never return to their work in Ottawa.

• (1720)

Just before the last Apollo moon shot, the Americans thought fit to send their astronauts into the Sudbury area to look at the landscape, which is supposed to be something like that on the moon, and to study the rocks and craters in that area. Even now, they are sending more of their astronauts there for the same purpose. There is no doubt in my mind that when these astronauts reach the area they will have no need to go into the districts surrounding Sudbury; all they will need to do will be to drive on the stretch of highway between Sudbury and Sault Ste. Marie, where they will find craters the like of which they will never see on the moon. No one would dare take that route in a small car because he would get the impression, after descending into some of these craters, that he was driving in the Grand Canyon.

There is a bridge connecting Sault Ste. Marie, Ontario with Sault Ste. Marie, Michigan and during the summer tens of thousands, if not hundreds of thousands of tourists use this bridge to drive across into Canada. If they turn left after crossing the bridge, and go west, there is a good highway to Thunder Bay. But if they decide to run left to take a look at eastern Canada, and travel over that part of highway 17 to which I referred earlier, their next thought is to get out of Canada as quickly as possible. Canadians who are attempting to cross Canada using Highway 17, which is the trans-Canada highway, flee into the United States as soon as they hit Sault Ste. Marie and continue the rest of their journey using the United States highway system.

So, it is not only in the Atlantic provinces that there are areas in which the federal government should be more closely involved. The federal government should review its position with respect to roads and highways throughout Canada. It is time we formulated a national highway policy, defining exactly the nature and extent of federal involvement in the construction and maintenance of roads, highways and bridges such as those referred to by the hon. member for Halifax-East Hants (Mr. McCleave). All parts of Canada would benefit from a policy of this type. Each government would know exactly where it stood vis-à-vis the federal government. Each would know precisely what assistance it could expect. Hopefully, the federal government would become involved in such a way as to help develop a first rate road transportation system, one of which both Canadians and visitors could be proud as they travel from coast to coast across this country.

Mr. Thomas M. Bell (Saint John-Lancaster): Mr. Speaker, I want to support the motion in the name of my friend, the hon. member for Halifax-East Hants (Mr. McCleave). I

have spoken on similar motions, and on this subject generally, on many occasions both inside and outside the House.

I do not find it strange that the hon. member for Sault Ste. Marie (Mr. Murphy) should take part in this debate. I think we are getting somewhere when members, other than those directly affected in the Maritimes, take part in the discussion of this subject. I subscribe to the thoughts contained in this motion. I am in favour of what my hon. friend has said in connection with the Shubenacadie crossing, and I agree with the formula he proposed in connection with the building of this route. I hasten to assure hon. members that we do not have any super highway in mind. This is merely to be a vacation trail in line with the modern trend to get out into the country, camping and moving slowly around the beautiful rocky coastline characteristic of the Bay of Fundy.

I presume this motion will be talked out, so there is no misgiving on that score, but there is a pertinent question I should like to ask of someone in the government. I should like to know what has happened to the report which was commissioned through the Atlantic Development Council. My information is that the federal Department of Public Works, through its offices at Fredericton and Halifax, agreed to carry out a study of this Fundy trail proposal and report to the Atlantic Development Council. It was expected that the report would be submitted in the fall of last year, but so far there has been no sign of it. I understand, through the grapevine, that the concept has been recommended as a good one and as a viable proposal. But that is all the information I have. This is one question which might be answered; the reply would give us an idea of the thinking of the government on this matter at the present time.

The hon. member for Sault Ste. Marie mentioned the position taken by the provincial governments. Well, the provincial governments concerned are interested in this project. I refer to the present and previous governments of both New Brunswick and Nova Scotia. It is a tremendous undertaking, in terms of money, for them. Nobody is trying to hold a gun to their heads in this regard. The New Brunswick section of this trail would go around the Bay of Fundy. Picture entering Canada at the United States border, at St. Stephen, and then taking the beautiful vacation trail completely around the Bay of Fundy down to the tip of Nova Scotia. This is a 500-mile trail we are talking about.

As I say, no one expects the provincial governments, regardless of their political complexion, to fork out $100 million. We want their support, and they have indicated their general approval. It is now a question of finding a means to proceed. Again, nobody is talking in terms of hundreds of millions of dollars for a new super highway. This proposal is not meant to take money away from the construction of other roads; we are hoping just to get approval of a start being made. The part in which I am most directly interested, the stretch of the Bay of Fundy from the Bay of Saint John up to the Fundy National Park, could be completed by using the device of increasing the park boundaries. The Fundy National Park is actually one of the smaller national parks. If the area along the coast were increased, the federal government would become responsible for the roads in the enlarged area. The National Parks Commission evidently has an unlimited amount of money to spend on projects in park areas. By adopting a device of the kind I have mentioned, we could make funds available to complete at least one of the parts of this highway.

With all this in mind, I call upon the government, either today or on a later occasion, to let us know its thinking concerning the Fundy Bay vacation trail proposal, specifically in connection with my suggestion that the boundaries of the Fundy Park be enlarged in order that the federal government might become involved.

There is one other aspect I wish to mention. Despite the lack of interest on the part of the federal government, in spite of the fact we have been obliged to go slow, people are gradually making their way through this country and cutting out, as it were, a trail of their own along the lines of the old Shepody route which existed many years ago. This was the old highway that followed the coast from Halifax to Saint John. Campers and young, energetic Boy Scouts are cutting trails there now. In spite of lack of interest on the part of politicians and the fact we have not been able to produce any concrete plans, the highway is going ahead. This is a good sign for the future.

• (1730)

I support the motion put forward by my friend the hon. member for Halifax-East Hants (Mr. McCleave). I think his suggested 90-10 formula, which has been used in the past in respect of some roads in the Maritimes, is a good one. It should be followed for this type of highway project so as not to take away funds from other needed resource highways. In this way it would mean a great deal to the tourist industry. I hope someone will let me know what has happened to the survey undertaken by the Department of Public Works which was to be made available to the new Atlantic Development Council.

In closing, may I say that the Fundy vacation trail project has stirred the imagination of many minds for over 100 years. It is a great challenge for the provinces of New Brunswick and Nova Scotia. With tourism the big business it is now, this would be in the nature of a self-help program which would produce lucrative returns and certainly would be in the public interest. If it helped the tourist industry it would keep some of the promises made to these provinces at the time of confederation. It would be an impetus to employment throughout the Atlantic provinces. As I have done for nearly 20 years, I ask the support of hon. members for something that makes a great deal of sense to me.

[*Translation*]

Mr. Albert Béchard (Parliamentary Secretary to Minister of Justice): Mr. Speaker, at the outset of my remarks on the resolution moved by the hon. member for Halifax-East Hants (Mr. McCleave) which in brief, calls for 90 per cent participation from the federal government, I readily support him since the province where I live—especially the area where my constituency lies—has an urgent need of appropriate highways.

Considering the tremendous length of highways everywhere throughout the province of Quebec, on account of

Considering the tremendous length of highways everywhere throughout the province of Quebec, on account of the increasing needs in the field of transportation and the development of technology, the development of modern techniques in highway construction has become necessary.

It is obvious that provincial budgets cannot sustain the exhorbitant costs of highway construction. This is why it was with satisfaction that the provinces welcomed the federal Trans-Canada Highway project although our province—mine and yours, Mr. Speaker,—under the aegis of the then Union Nationale government and saddled for too long with duplessism, had refused to subscribe to the agreement for the construction of the Trans-Canada Highway until another Quebec government was fortunately elected which practiced autonomy otherwise than in name, which practiced "totonomy", the Liberal government of Mr. Lesage.

An hon. Member: This is an old story.

Mr. Béchard: Maybe, but it turned nevertheless to our advantage.

Since the agreement of the Trans-Canada Highway, technology has evolved and traffic has considerably increased.

The motion tabled by the hon. member for Halifax-East Hants (Mr. McCleave) refers however to a specific project involving federal financial assistance. As the mover of the motion and other hon. members have pointed out, it is not the first time that such a motion is placed before the House, since not later than last year, in February 1971, the same hon. member expressed an identical wish in a resolution which reproduces verbatim the one that is now before us.

I believe that this clearly shows, Mr. Speaker, how important the project is, not only for the hon. member who moved the motion, but especially for the people of his province and that part of Nova Scotia which he represents in the House. The rather hefty and compelling file which he disclosed on this question during the 1971 debate, clearly detailed the numerous representations he had made to several federal and provincial authorities.

The review, though cursory I admit, Mr. Speaker, I have made of the subject under debate, that is the Fundy Trail project and the construction of a bridge over the Shubenacadie River, has revealed to me the great importance of these two projects.

Mr. Speaker, however important this project may be, the hon. member will readily admit that provincial roads, including bridges, unless they connect two provinces, are exclusively under provincial jurisdiction. Therefore, the wish expressed by the hon. member for Halifax-East Hants in his resolution raises this question of the federal government's financial contribution to the building of highways.

As I said in my opening remarks, Mr. Speaker, I represent an area which badly lacks highways that meet the modern needs of 1972, and I completely agree with this principle of federal aid to highway construction. The agreement on the construction of the Trans-Canada highway having now expired, another tool is left to the provinces for obtaining the federal government's financial participation, which is, the Department of Regional Economic Expansion, which, incidentally, is being strongly criticized by members from the Atlantic provinces, and especially from Newfoundland. Fortunately, some provinces benefit from the funds made available to them by the Department of Regional Economic Expansion for the development of certain areas, and not all of those regions are represented by members who are over-critical.

In the kind of agreements which exist, incidentally, with all provinces, including those mentioned by my hon. colleague, and particularly his own province of Nova Scotia, the priority and importance of projects is first established by the provinces themselves, which decide to have them included in the development agreement. Thus, the area of the lower St. Lawrence, the Gaspe peninsula and the Iles-de-la-Madeleine presently enjoys the benefits of the 1968 agreement for development of that area, an agreement which was negotiated again by the Ottawa and Quebec governments in September 1971.

As the project mentioned by the hon. member for Halifax-East Hants is very important and deals with a matter falling under the exclusive responsibility of the province of Nova Scotia, I suggest that provincial authorities might include the Fundy Trail project as well as the river Shubenacadie bridge project in the preparation of a possible agreement with the government of Canada under the ARDA legislation or in new negotiations. The hon. member will understand that problems of this kind are more familiar to local governments than to the government of Canada. This is why this area falls under the provincial jurisdiction only.

The hon. member was reminded, in 1971, during a debate on a similar resolution put forward by the hon. member for Northumberland-Miramichi (Mr. Smith) that no priority had been given to the 1969 brief, to which the hon. member, as well as the hon. member for Saint-Jean-Lancaster (Mr. Bell), referred a moment ago. In fact, in the premiers' brief presented to the Minister of Transport (Mr. Jamieson) by the four Atlantic provinces, no priority has been given to the Fundy Trail project, nor to the development of the river Shubenacadie bridge. And this brief, called "Transportation Modes-Highways", did not hold the attention of the last governments of Nova Scotia, which had, if I recall correctly, the same political affiliation as the hon. member who presents this motion today.

As a conclusion, I shall recall that the province of Nova Scotia has derived great benefits, as did other provinces, from federal-provincial agreements, for the development of highways; indeed, under the agreement concerning the development of the Trans-Canada Highway, this province has received $78,354,422. Mr. Speaker, we heard a great deal during certain election campaigns in the province of Nova Scotia, not of the federal contribution, but of the way this money could profit the provincial government which was under the leader of the official opposition (Mr. Stanfield) who is now a member of this House.

So, Mr. Speaker, I entirely support the resolution of the hon. member for Halifax-East Hants, but I ask him to use the normal procedure. As this comes under the jurisdiction of the province of Nova Scotia, this province would first have to submit its priorities to the Department of

Regional Economic Expansion, which could include it in an agreement between the two governments.

• (1740)

[*English*]

Mr. G. A. Percy Smith (Northumberland-Miramichi): Mr. Speaker, it is a pleasure to take part in this debate on the motion introduced by the hon. member for Halifax-East Hants (Mr. McCleave) on February 23 this year. As has been said, a similar motion was introduced on a previous occasion by this hon. member. I congratulate him for his persistence in bringing this important subject to the attention of the House.

I shall be very brief because I spoke on this subject about 14 months ago and my remarks today will be somewhat in the same vein. The motion introduced by the hon. member contains two parts; one part relates to the Fundy trail and the other to a crossing of the Shubenacadie River by a bridge or, as he says, possibly a causeway that would link the two communities of South Maitland and Princeport. I have not yet heard any estimate of the cost of such a crossing. However, since bridges and highways normally are the responsibility of the provincial government, I am assuming the cost is very great and is beyond the financial ability of the province of Nova Scotia.

If this is the case—I do not wish to be facetious, because I could list other bridges in New Brunswick, in my constituency, and even in Nova Scotia which seriously require attention—the fact is that in our Atlantic provinces, where the population in most areas is sparse and where very extensive networks of highways and bridges are required, it is practically beyond the ability of the provinces to finance the necessary construction. It is a very important part of the effort to elevate or improve the economy of the Atlantic provinces to have an adequate transportation system, which certainly includes roads and bridges.

The Trans-Canada Highway has been completed through the Atlantic provinces. This, however, is only one highway. I agree with the hon. member for Sault Ste. Marie (Mr. Murphy) that the government of Canada should take a hard look at developing a policy to assist the development of secondary roads, especially in sparsely populated areas which are unable to finance the construction of highways and bridges.

As I have said, bridges are a provincial responsibility. Nevertheless, the government of Canada, through the Department of Regional Economic Expansion, and New Brunswick, for example, entered into a special highways agreement in respect of a secondary road. The road covered by this agreement runs between the cities of Moncton and Campbellton and traverses the entire east coast of New Brunswick. Rather than the 90-10 formula of cost-sharing mentioned by the hon. member for Halifax-East Hants, under this agreement the government of Canada will pay 110 per cent of the cost of this very important highway, the additional 10 per cent being for engineering and incidental costs of that nature. The province itself is faced only with the responsibility of providing the land for the roadbed.

Work on this highway is proceeding, although rather slowly; in fact, the portion in my constituency between Chatham and St. Margarets, which is in extremely poor condition, I am advised will not be proceeded with this year because the province has not yet completed the necessary engineering work to enable contracts to be let. The government of Canada, as I believe all members will agree, has conceded the fact that we have serious transportation difficulties in the Atlantic provinces. Recently the Department of Transport granted a 17 per cent subsidy on trucking with the idea that a viable trucking industry should be built up in those provinces.

The government of Canada also appreciates the necessity of our having an adequate transportation system and is carrying out an extensive transportation study in many areas including northeastern New Brunswick. This will relate not only to highways and bridges but to transportation by water. Hopefully, it will lead to a long awaited project, namely, the dredging of the Miramichi River to a depth of 36 feet. This dredging would connect the highway leading to Renous, Plaster Rock and would give direct access from the eastern part of New Brunswick to Montreal, thus cutting down the distance by about 100 miles.

• (1750)

I said I would be brief. I know that other speakers wish to take part in this debate. However, I recall that when this motion was debated about a year ago it was stated—and I have not heard of any change made since—that no request had been made by the province of Nova Scotia for a Shubenacadie River bridge or causeway. The hon. member for Halifax-East Hants mentioned the many groups directly affected in the vicinity who have gone on record as supporting such a crossing.

I suggest that if neither the previous nor the present government of Nova Scotia requested this crossing—normally they would do so through the joint planning committee under the Department of Regional Economic Expansion—then it would appear that they have not placed on it as high a priority as the hon. member who introduced the motion. Normally, if the government of Canada wished to build a bridge or highway in the province it could not be done without the consent and agreement of the provincial government. As I said before, last year when we spoke on this subject such a request had not been made to Ottawa and as far as I know the situation has not changed and the request has not yet been made.

I know the importance of the Fundy trail. The supper hour is fast-approaching and I will not make any further comments on this matter, but basically I support anything that will improve transportation in the Atlantic provinces. However, I realize, as I believe the hon. member does who introduced the motion, that this must be part of an overall scheme developed by the government of Canada to assist all the provinces in the construction of secondary highways.

Hon. Hugh John Flemming (Carleton-Charlotte): Mr. Speaker, I will take only a moment or two of the time of the House to make some observations relative to the motion presented with conviction and eloquence by my friend the hon. member for Halifax-East Hants (Mr. McCleave). I associate myself with the supporting remarks which have been made from all quarters of the

House and certainly with those of the hon. member for Northumberland-Miramichi (Mr. Smith).

The mover of the motion indicated specifically to members within sound of his voice the formula which he feels should be adopted—a 90-10 cost-sharing formula. This brings to mind an association which I had in the period 1952 to 1957 with a previous administration—which held office with a degree of distinction—led by the right hon. Mr. St. Laurent. At that time the minister of public works was the Hon. Robert Winters. I remember him asking us to come from New Brunswick to discuss speeding up the construction of the Trans-Canada Highway in that province. We arrived and we had a conference with the Hon. Robert Winters who was not niggardly in his proposition, neither was he partisan in his approach. In my opinion he was a great minister and I pay tribute to his memory tonight.

Some hon. Members: Hear, hear!

Mr. Flemming: He told me then that the finishing of some parts of the highway would be quite expensive and he realized that our province had many demands on its treasury for funds to maintain existing highways. He thought the federal government should go a long way in encouraging us to get this work completed as soon as we could. He said that to that extent they were prepared to contribute on a 90-10 basis, the federal government contributing 90 per cent and the provincial government 10 per cent.

It seems to me somewhat strange, and perhaps coincidental, that another distinguished Nova Scotian should come today with a motion which specifies exactly the same formula which should be used by the federal government in dealing with the Atlantic provinces, especially Nova Scotia and New Brunswick. Therefore, I rose only for the purpose of indicating to you, Sir, and to members of the House my complete support of the motion. I hope we will all see our way clear to uniting on it.

So far as the Fundy trail is concerned, I was impressed with the eloquence of my friend the hon. member for Saint John-Lancaster (Mr. Bell) because the Fundy trail is close to his constituency and close to his heart. I was impressed by his words. I rose only to indicate my complete support of the motion and to go back in time to show the interesting coincidence in that the Hon. Robert Winters had put forward the same formula as that proposed this afternoon by the hon. member for Halifax-East Hants.

[Translation]

Mr. Joseph-Phillippe Guay (St. Boniface): Mr. Speaker, I should like first to commend the hon. member for Halifax-East Hants (Mr. McCleave)—

[English]

I wholeheartedly agree with him. I believe that a bridge in the area which he mentioned, namely, the Bay of Fundy and the Shubenacadie River, is a necessity. It is a beautiful area and I wish I had the time to say a few words about it. However, I should like to bring to your attention the fact that there is a similar problem in my area. On one side of the Red River is St. Adolphe, a nice town with about 500 inhabitants, and across the river—

[Translation]

The Acting Speaker (Mr. Boulanger): Order. As the hour set aside for the consideration of private members' business has expired, I do now leave the chair until eight o'clock.

At six o'clock the House took recess.

AFTER RECESS

The House resumed at 8 p.m.

GOVERNMENT ORDERS

FOREIGN TAKEOVERS REVIEW ACT

MEASURE TO CONTROL FOREIGN TAKEOVERS OF CANADIAN COMPANIES

The House resumed consideration of the motion of Hon. Jean-Luc Pepin that Bill C-201, to provide for the review and assessment of acquisitions of control of Canadian business enterprises by certain persons, be read the second time and referred to the Standing Committee on Finance, Trade and Economic Affairs.

Mr. Adrien Lambert (Bellechasse): Mr. Speaker, I should like to make a few comments on Bill C-201, to provide for the review and assessment of acquisitions of control of Canadian business enterprises by certain persons.

As a result of the growing concern of a number of Canadians about foreign investment in Canada, the Gray report made certain recommendations on which the government based its bill which in my opinion does not go far enough. We must at least admit that the government is aware of the danger, of the unfavourable Canadian position and that it has decided to take some steps to check that evil which is spreading from year to year.

You will remember that early in May the Minister of National Revenue (Mr. Gray) made a statement in this regard recalling that governments in the past had taken certains steps, and announcing the introduction of a new measure in these terms, and I quote:

> Parliament will now be asked to add an important new measure to these policies. Foreign companies seeking to buy out or take over an existing Canadian business above a certain size will be required to demonstrate that the purchase will result in significant benefit to Canada.

This statement is praiseworthy and I am convinced that if the government and the minister in charge of the administration of the act take the means required to study seriously the takeover proposals, they will have the opportunity to act before purchase is completed.

The minister also added, and I quote:

> The government is introducing legislation to establish a review process under the authority of the Minister of Industry, Trade and Commerce (Mr. Pepin). In general terms the purpose will be to examine proposals for takeovers of Canadian businesses, to

approve those that, on balance, will be of significant benefit to Canada, to negotiate with the proposed acquirer in those cases where he can reasonably be expected to make a greater contribution to Canadian development, and to refuse to allow those takeovers that would not bring significant benefit to Canada.

Here is in a few lines, I feel, the scope of Bill C-201.

I have before me an article from an American weekly, the *Manchester Guardian Weekly*, of December 9, reporting on the situation in Canada. This article is entitled: "Canada—An economic colony."

I think that this government and all serious-minded Canadians are aware of this situation. And when one can read such remarks on this situation in an American magazine, this should incite us to take an even more effective step, to make sure not only that foreign investment will be to the advantage of Canada, but also that a serious study is made to find out to what extent this could be also profitable to those who invest in our country.

Here is what one can read in the *Manchester Guardian Weekly*:

In the Schulz report, it has been suggested that for every dollar invested in Canada for oil extraction, 71 cents come back to the United States as investment return in the course of the first year of investment. There is no reason to doubt that the same investment income is derived from all other forms of energy operation or mining industry, whether it is natural gas, hydroelectric power or common metals.

We are not the ones saying that. It is published in the magazine I just mentioned. Therefore, if it is profitable for foreign capitalists to invest in our country, mining or processing our natural resources, it would be all the more so for Canadians. I suggest that the government should take the necessary steps to promote Canadian investment in really Canadian companies, in order that we may, instead of remaining an economic colony, become real Canadians, masters of their fate.

The government is increasingly aware of this. It is indeed of the highest importance for us to control the takeover of our Canadian companies and our natural resources. That is why the government is introducing Bill C-201. I suggest that, in view of the endeavours of all governments, federal and provincial, to produce Canadians capable of managing businesses, Canada is now mature enough, I think, to control our whole economy.

We have in Canada truly qualified people who often remain unemployed due to lack of businesses operated by Canadians. Operations are sometimes controlled by foreigners who bring in people from their own country to fill the best posts and we are neglected. We are doing the right thing in attempting to draw the Canadians' attention to this matter. We are proceeding with caution and I imagine that is the way to do it. And I do not think that we will be accused of intolerant nationalism if we act like that.

In fact I feel that will be taken as a display of national self-respect since finally self-respect is required in all fields and it is not forbidden to feel proud as a nation without at the same time being considered narrow-minded as this sometimes happens.

[Mr. Lambert (Bellechasse).]

• (2010)

This afternoon, the Minister of Industry, Trade and Commerce (Mr. Pepin) said in his speech that this bill could not be a cure-all for all our problems. This is true. I consider it as a first step which should encourage the government and hon. members to make suggestions so that we continue in this direction in order to make Canadians real experienced businessmen, able to administer real Canadian enterprises, and in order that some investment from abroad remain in these businesses, as long as they are controlled, that these businesses are directed by Canadians and that they produce a good profit for Canada first. In my opinion, you may then accept foreign investment. However, they should be carefully considered.

The minister also referred—and this was of great interest to me—to discussions with provincial governments about this subject matter. In my opinion, this is again a policy which deserves praise. Actually, the federal government must hold discussions on such important matters with provincial governments because, even quite recently, one could hear the premier of the province of Quebec—I think this was yesterday—state to the fighting wing of his party that the most serious problem of his administration and what the province was in greatest need of, was capital. He said that the authority to administer is rather secondary, but that the province needs credit in order to develop.

Such is the situation, for instance, as regards the James Bay development project. This is a very wide territory to be developed, and to achieve this objective, much attention will be required. The objective is not to develop a territory and its natural resources just for the sake of doing it. This will have to be done very carefully in order not to contribute to spoiling another part of our economy through pollution of a territory and water which we desperately need.

One of the great problems which the Quebec government has to face is to find the necessary funds. Therefore, the government is seriously thinking of turning to the Americans and to other countries and inviting them to invest in the province. In this connection, I would ask the Minister of Industry, Trade and Commerce when he is having discussions with the Quebec government to seek, first, to promote Canadian investments in order that Canadians may find some advantages in investing in Canadian owned industries. This might enable the Quebec government to take positive action and to reach a really commendable goal without having to make commitments that would benefit other countries, those whose interest it is to invest here.

I believe, Mr. Speaker, we should take a new departure in our financing policy in this sector, in order that the development and the operation of our natural resources be effected by our own people and as far as possible with Canadian capital.

I heard this afternoon the hon. member for York South (Mr. Lewis) talk about the possibility of finding capital in Canada. I agree with him provided that people who have money to invest are shown the advantage of investing in Canadian companies. This could be done through adver-

tising and information of such a nature as to attract interest for this.

Another danger which we have to face continuously is that big foreign corporations which have subsidiaries in Canada always tend as a matter of course to first protect the parent company and the subsidiaries have second choice. If at any time, for commercial reasons, a company has to reduce its operations or to change them in any way, it will first think of protecting the parent company and the Canadian subsidiaries will be served last, which means that Canadian workers who work for these subsidiaries will be sacrificed in turn and become unemployed.

For all these reasons, Mr. Speaker, I should like, by way of a conclusion, to urge the minister and the federal government to create new credits which would be reserved to the Bank of Canada. This possibility should be carefully examined. When we talk about the Bank of Canada, sometimes people think that this is a joke, a routine, a formula that we use at every turn.

I think that this angle of our financial system should be reviewed completely, in order that the Bank of Canada, an institution established for Canadians, may open new credits which would be channelled through chartered banks towards the development of our natural ressources, thus reducing the interest rate, lowering the production cost, and placing Canada at a competitive level on the markets of the world. This way, Canadians would be given another means to become really masters in their own country.

People had a lot of fun for some years by teasing the Prime Minister of Quebec whose election slogan was "Masters in our own house". If we examine this election slogan carefully, we discover that the purpose is excellent—provided we use the means which are necessary to work it out.

The Canadian Parliament has this opportunity, this means, whereas provincial governments do not. The Canadian government has the sovereign right to direct the creation of credit based on the real credit of our country, on its wealth and it should take the necessary steps to have credit channelled by the Bank of Canada, to the benefit of the areas where the need for capital grows ever bigger, which would allow Canadians to be really masters in their own house.

Being masters in our own house, we can command the respect of the citizens of other countries. The title of an article I referred to previously will perhaps be changed from "Canada—An economic colony" to "Canada, an autonomous country of Canadians proud to be masters in their own house".

• (2020)

[*English*]

Mr. D. Gordon Blair (Grenville-Carleton): Mr. Speaker, because of the great respect which I and many members of this House have for the hon. member for Fundy-Royal (Mr. Fairweather), I sought, unsuccessfully, to find parts of his speech of this afternoon which are worthy of comment. I must say that there are points on which I agree, one being that the procedure, which is to apply under this new law, should be carefully examined in committee. I also feel that he performed a service to this House by telling us that the important Committee on Statutory Instruments of which he and I are members, has not yet been called into session. One of the high points of his speech was the news that he had purchased lunch for the hon. member for Hamilton-Wentworth (Mr. Gibson). Having said that, I must record my disappointment that as a spokesman of his party he did not contribute anything of significance to this debate.

When people read the record of this debate I think their opinion of it will be summed up by the ruling that was made on the amendment moved by the hon. member for Fundy-Royal. Essentially, it was ruled out of order because it did not take a stand on the issue before the House. On the one hand the hon. member, speaking for his party, said the legislation did not go far enough; yet every time he said that he also said, "Don't go any further because you might antagonize the provinces or other interests."

Mr. Fairweather: This is great.

Mr. Blair: That kind of approach to this problem is in part the approach of the Conservative party and, as well, reflects the fears and concerns of many Canadians. They want to approach this problem in a positive and even dramatic fashion, but on studying it carefully they see it must be approached with caution unless we are to do considerable violence to our economic system and body politic. I would point in passing that one of the questioning left unanswered this afternoon by the hon. member for Fundy-Royal was, what does moral suasion mean? Implicit in that question was the question, what relevance does it have in a debate like this?

Mr. Fairweather: The leader of the hon. member's party used that term. He might not have been relevant, but I think I was.

Mr. Blair: Mr. Speaker, I suggested that the question asked by the hon. member was, what relevance does it have? Having been caught making an esoteric utterance this afternoon, perhaps he will bear with me while I explain. I think moral suasion is an important ingredient in our parliamentary and legal systems. Really, it is the appeal which ideas have for reasonable men to act decently and in the public interest. Unless that kind of spirit motivates our laws we cannot function satisfactorily, and I do not think anyone on either side of the House will quarrel with that assertion.

I regret that the hon. member for York South (Mr. Lewis) is not here, because he delivered a flag-waving speech which deserves comment. I imagine he wishes to occupy the shoes of those in our history who in 1878, 1891 and 1911 took the stand that we must damn the Americans forever and a day. I suspect that behind the furious rhetoric of the hon. member for York South is an unpleasant reality that he would not like to see exposed in this chamber. After all, he speaks here in order to paper over the great split in his party on this subject and his rather immoderate language does not in any way match the immoderate policies of the Waffle group in his party. Indeed, one wonders who is the "waffler" when one hears

the hon. member for York South speak, as he did today, and try to play down that determined group of people in his party who are trying to take it over from him.

It remains a matter of wonder that a person could speak for 40 minutes in condemnation of all things American and of American intrusions in our economy without mentioning once the subject of American control of many important trade unions in Canada. I must say that the speech of the hon. member for York South did not contribute much to the debate on this important measure. He brought forward his tired recitation of eight points which on other occasions have been six points or five points. His is a sure-fire way of attracting applause from a partisan audience: take away the tax privileges of the mining and oil companies and expose them to export tax!

Mr. Orlikow: You do not believe in that?

Mr. Blair: There was no concern about the effects these measures would have on the operation of those companies. There was no concern about the jobs which they provide. There was no suggestion as to how these activities might be transferred elsewhere in the community. There was simply a flat, out and out assertion that these things should be done, can be done and must be done—irresponsibly and in defiance of the best interests of this country.

Over and above that, the hon. member talked about high finance and how interest could be lowered, without referring to inflation which looms before us always. He talked without showing concern as to how this action might encourage foreign equity owners to do even better in our capital markets than they do at present. He did not say how foreign exchange reserves might be used, by whom or in what fashion to buy back the Canadian economy.

Mr. Francis: Five billion dollars worth is involved.

Mr. Blair: As my friend from Ottawa West (Mr. Francis) mentions, $5 billion could be devoted to that purpose. It is pie in the sky, as hon. members sitting behind the Leader of the Official Opposition (Mr. Stanfield) well know. However, it serves the purpose of obscuring from our view the fact that there is serious division in the party of the hon. member for York South which really attacks the credibility of any assertion which he may make in the House on this important problem at the present time.

• (2030)

We are talking about one of the most abrasive problems in our history. It is a problem, which, if not properly handled by this Parliament, could set province against province in Canada. It could set poor areas against wealthy areas. All this was foretold in the remarkably clairvoyant address of the Leader of the Opposition from which the minister quoted earlier this afternoon.

From time to time in Canada we have been prone to fall before the determined drive of patriotic talk. We had a high tariff imposed in this country in its early days. On a famous occasion in 1911, the opportunity to modify that tariff was lost. These discussions were carried on and all these economic issues were settled on the basis of emotionalism, appeals to patriotism and appeals to national loyalty. We must all face the fact that one of the reasons we have the problem of foreign ownership in our country is that the economy, which was created pursuant to these other economic policies, was one which became vulnerable to foreign ownership. It was an economy which consisted of enterprises which were structurally weak, which were not as efficient as they should have been and which in one way or another lacked the resilience to stand up against takeover bids and other incursions from abroad.

We developed an economy in this country which was not overly venturesome. No one knows this better than people like myself who come from western Canada and can remember when the great oil boom started in Alberta just after the war. Albertans had to go outside of Canada to find the money and people who had the confidence to invest in Canada's future. I see the hon. member for Palliser (Mr. Schumacher) nodding his head in agreement. This marks an historic occasion in this House.

Some hon. Members: Hear, hear!

Mr. Paproski: And Edmonton Centre.

Mr. Blair: I am almost overcome by the hon. member for Edmonton Centre (Mr. Paproski) agreeing. The "Eskimos" may win this year.

Let us face the fact in this chamber that in many parts of Canada there are people who have a deep resentment about what the financial and industrial interests centred in Montreal and Toronto did to and for this country. When I was a boy in Saskatchewan we did not waste our time worrying about foreign owners; we talked about those awful people who inhabited Bay Street and St. James Street. I do not think a case can be made that the domestic proprietors of our economy, then or now, have always performed in a fashion satisfactory from the standpoint of Canada as a whole. Therefore I have always felt that discussion on foreign ownership as it has emerged is one which is to a degree false and misleading.

There is much evidence to show that whether or not enterprises have been owned in Canada is irrelevant to their performance in the interests of Canada. In fact, there have been many studies, starting with that of Professor Safarian in 1966, going through the Watkins report and the Gray report, as we call it, and other documents of this kind.

Mr. Stewart (Marquette): Tell us about when you left the Conservatives?

Mr. Blair: I will come to that. All these documents show conclusively that if there is any difference in the performance of enterprises in Canada, it is that perhaps the foreign-owned ones have performed rather better, taking into account all the criteria by which we measure that performance. However, we are now faced with a situation where there is a growing consensus that we have to look, not at the ownership of our economy but the way in which it is controlled and the performance it delivers in our society.

I repeat that it is impossible to argue that foreign ownership by itself is all bad or all good. The question which increasingly engages Canadians is, what are the effects of

foreign ownership? I think we have to look at these effects industry by industry and company by company.

As Canadians, we now have priorities which are quite plain for all to see. We want an economy which will provide employment. We want an economy which will be directed as much as possible to using Canadian sources of supply for its factories, and Canadian experts as its advisers. We want an economy which will promote research and which will lay the ground-work for our participation in the technologically developing age of the future. We want an economy which will develop in this country management skills of a high order which can be used all over Canada for the advantage of everyone.

When we consider the kind of tangled nature of our industrial society in Canada, whether the companies are owned domestically or from outside the country, we can conclude that there are deficiencies. We do not really derive from our economy all the advantages which we think we should derive.

Having said this, Mr. Speaker, the question arises whether or not the steps which we are now being asked to consider will make a solid contribution to our future. Everyone who speaks on this subject comments on the fact that we are being asked to direct our law against only one aspect of the extension of foreign ownership in our economy. That is the aspect which is described as a takeover bid from outside Canada.

I do not intend to go over all the ground which was so well covered by the minister this afternoon. However, clearly in terms of our recent history and our understanding of this matter, the takeover of an existing Canadian company by a foreign corporation appears as a most dramatic and unwelcome incursion into our economy. I think it is quite proper to enact as a law that from now on that kind of activity coming from outside should be one which would become us only where it is justified in all aspects of our national interests. Having said this, I should point out that already during the lifetime of this Parliament we have seen two vital industrial concerns protected from foreign takeover. The cases of Dennison Mines and Home Oil are fresh in the minds of many people. The noteworthy success of the actions of the Canadian government in both these cases should encourage us to believe that this law is one which can work satisfactorily for the benefit of Canada.

• (2040)

The question most often raised is, why should we stop here; why should we not go further and enact a law which would contain other aspects of foreign expansion in our economy whether by direct investment, by joint ventures, by expanding existing subsidiaries or in other ways? It is my opinion that the step we are now being invited to take is one which by all the standards of our history is an epic one. It is a departure from the previous policy of laissez faire toward investment in the industrial and resource sectors. It is one which, in itself, will be digested not without difficulty. It is also one which is least likely to attract attack on constitutional grounds. One must recognize that these are areas which trench upon fields of economic activity which the provinces have traditionally believed to be their own.

I was not impressed by the assertion of the hon. member for York South that the government habitually runs away from these difficult problems by suggesting there are constitutional difficulties. That they do exist, and that they are real no one can deny. If we were to go further at this stage and seek to embark upon a complicated regulatory scheme such as would have to be operated were an attempt made to deal with direct investment, joint venturing, the expansion of subsidiaries, and so on, we should be creating not only a big bureaucratic machine of doubtful efficacy but we should be risking constitutional challenges which might defeat a detailed attempt to regulate the economy in the national interest.

It seems to me that it is far better to proceed prudently along lines which have been well marked out and to go on, in the best Canadian tradition, to explore with the provinces areas which invite further regulation while considering the effect of this new law upon our industrial economy. Only after we have done this ought we to determine whether further steps should be taken.

In the interim, it is wrong to think that no protection exists for the Canadian economy against foreign intrusion. In areas where the federal Parliament has been paramount, protection has been provided for many years. The minister said something about this today. In areas where the federal government has undoubted jurisdiction, such as banking, finance, transportation, communications, and so on, laws and regulations have preserved the integrity of these essential parts of our economy.

In addition, we have created, as a federal Parliament, the Canadian Development Corporation which is likely to play a significant role in the re-ordering of our industry and commerce. The tax policies approved by this Parliament and its predecessors have encouraged investment in Canadian companies. Last December, for example, changes which were made in the tax laws provided, among other things, for the deductibility of interest on loans used to acquire other corporations; the limitation at 10 per cent of the amount of the portfolio of savings in pension funds which could be invested in foreign corporations; the provision that the lower tax rate for small businesses should apply only to Canadian corporations; the continuing provision that the dividend tax credit should apply only to dividends from Canadian corporations all of which will have a significant effect in encouraging Canadian enterprise.—

I do not think there are many in any quarter of this House who would quarrel with the general proposition that we could accomplish much more to the benefit of our country for the extension of Canadian control, for the prevention of harmful foreign interference in our economy by positive, constructive measures rather than by more negative prohibitions.

Mr. Stanfield: Hear, hear!

Mr. Blair: I therefore believe we should move forward to refer this important bill to the committee without delay. Knowing the committee, I am sure it will give the measure very careful study. As a member of the committee, there are details upon which I shall seek further information and, possibly, recommend changes. I believe this is forward-looking legislation and the kind of bill we should

pass as quickly as possible in order to enable it to operate for the benefit of our country.

Hon. Marcel Lambert (Edmonton West): Mr. Speaker, we are beginning today in this House a debate which has been raging for years, with varying degrees of intensity, outside this chamber—in universities, in high schools, in newspaper columns, on television. From time to time we have heard certain strident, shrill voices describe this problem of foreign ownership as though it were peculiarly Canadian—la plaie Canadienne. Not a bit of it. Look at what has happened in Britain since the Second World War. One has only to read the book by Serven Schriever to understand the problems presented by foreign ownership in France.

• (2050)

One sees that each of these countries has adopted various methods to try to keep a reasonable grip on things. I find it rather ludicrous that many people make shrill cries about improper behaviour and the improper or almost immoral nature of foreign ownership, while on the other hand they want Canadian firms to go abroad and do business. What is there about Canadians going abroad? Are they like St. George, pure of heart? Let somebody from Great Britain, a German, a Frenchman or an American come to Canada and he is accused of being a conniving, scheming individual about to depose Canadians. This is ludicrous.

The Minister of Finance (Mr. Turner) was hopeful when putting forward his mistaken tax bill. We have not yet reached this point because as a good deal has to be done in the way of amending the international, industrial part of the bill. But hopefully the Minister of Finance will be successful in getting Canadian firms to move abroad and compete. How will they compete? By standing offshore and firing long-distance cannons? Of course they cannot do that. They must go ashore, into foreign countries and establish subsidiaries, partnerships or some other form of business enterprise.

One is almost tempted to say that what is sauce for the goose is sauce for the gander. If we as Canadians want to get out and carry on what is vital to our economy—that is, our export business—we must go to other countries and establish connections. I am sure the Minister of Industry, Trade and Commerce (Mr. Pepin) during his almost quarterly peregrinations to Japan has been urging the Japanese to open up opportunities for Canadian investment in that country.

I am sure he has been asking them to relax the long list of conditions in respect of industries in Japan which have been closed over the years to all foreign participation. He is not doing this just for the pleasure of doing it but so that Canadian businessmen can establish healthy working relationships for trade with the Japanese and other Pacific countries. All this is an attempt to guarantee Canadian jobs. Where do all these people around la plaie Canadienne, with their shrill cries about foreign ownership, think jobs will come from if firms have to close down and Canadian industry is dormant?

It was highly amusing this afternoon to listen to the hon. member for York South (Mr. Lewis) go through the litany

of hamstringing operations that Canadian industry encounters, each one of which adds more and more to the cost of production so that even in the domestic market they cannot compete unless one imposes controls and rationing or so-called economic reduction. Let us consider the doctrinaire straitjacket imposed on Britain after the war. I experienced three years of it, and I assure you it was sheer hell and agony. I have in mind the economic reduction imposed by Sir Stafford Cripps. There were rules, regulations and restrictions, with everything directed by him.

With democracy in Canada—and I will not refer to individuals—many people say the proportion of people employed by government is far too high. But if we had to follow even half the suggestions put forward by the NDP this afternoon, the size of the national civil service would be more than doubled. There would be no problems of unemployment, I suppose, but everybody would become an official shuffling papers. Everybody would be engaged in so-called economic reduction. That is one aspect of the problem. Of course, the NDP has its Waffle wing.

Mr. Paproski: Stanley Knowles!

Mr. Lambert (Edmonton West): No, I will not accuse the hon. member for Winnipeg North Centre (Mr. Knowles) of being a member of the Waffle group, because that is not possible.

Mr. Knowles (Winnipeg North Centre): The hon. member may think I am awful, but I am not "a-waffle."

Mr. Lambert (Edmonton West): I will accuse the hon. member of all sorts of things, but not of that. We have another organization composed of sincere people, I suppose. I refer to the Committee for an Independent Canada. They are all good and well intentioned people. They have members from the NDP, members who are pseudo-Liberals and a former Liberal who I suppose could be referred to as the financial Moses of the Liberal party, Walter Gordon. That former hon. member for Danforth, when he was minister of finance ten years ago brought us a great deal of trouble with his 30 per cent takeover tax. If we look at the problems of today and consider some of their historical aspects, we will see that a good deal of foreign ownership in this country started in those days.

I do not want to go too far back in the memories of hon. members, but the institution of the British preferential tariff wall within the Commonwealth formed one of the earlier trading blocs. Our United States friends established French subsidiaries in Canada in order to get within that British preferential tariff wall. That was perhaps good business at the time. But has anyone been studying what is happening in France and in Germany? Does anyone know what is going to happen in Britain and elsewhere within the common market? Canadians and Americans have been establishing plants in these countries in order to get within that high common market tariff wall.

Why did Polymer go over to France years ago? I use that as an example of only one industry, but each one that went to France did so because of foreign ownership. They are having troubles in France because of foreign owner-

ship and the common market. We have inherited that position. It started in the early 1930s but it has its roots in the establishment of a great deal of Canadian industry and other business in this manner, particularly in those halcyon days when we had hundreds of millions of dollars annually in deficits on commodity account and hundreds of millions of dollars on non-commodity account.

• (2100)

The money that was owed abroad was encouraged to remain here, to be invested in Canada. It was loose money available for investment in Canada. And how it was invested! The government of the day boasted about it. Canadians benefited by, shall we say, changing the nature of our economy from basically a resource and agricultural based economy to one of manufacturing and secondary industry. There has been a complete revolution in the Canadian economy since the end of World War II. This was accomplished by the use of much of the foreign money which Canada should have been paying out. But no, we invested it, allowed it to be invested or induced it to be invested here in Canada. So every dollar that was then invested became a dollar of foreign ownership.

If one tabulated all or even a proportion of the commodity account deficit from 1945 through to 1958-59, one would see why the United States was able to invest so much here in Canada. Why is there always United States money around here for takeovers? Our ludicrous, stupid estate taxes and the high level of succession duties—here I do not excuse any provincial or federal administration—have contributed to fire sales of Canadian businesses. The money was there, available to take over businesses. I never saw anything that was so penny wise and pound foolish. It was a case of selling one's birthright for a few measly million dollars of succession duties.

There may be some social justification for the estate and succession duties, but let us see what the consequences are from an economic point of view. We will see who the people are who are around to pick up a business that is about to be sold because it has an estate tax or succession tax problem, or which is about to be sold because someone who was the dominant or principal shareholder in the family business suddenly died and millions of dollars must be found to settle the estate because there is a succession duty problem.

How many businesses have been driven into the arms of foreigners? Each of us who engaged in the practice of law during those years is well aware of this fact, yet for a certain stated social reason this was the price one had to pay for foreign ownership. Of course, the party to my left would drive it all to a low level; there would be no buyers of companies because of the confiscatory levels of taxation, or if there were no restrictions on foreigners they would be around picking them up like kiddies picking up pennies at a penny-throw. That is how long-headed they are. They are very, very shortsighted.

There is another point, however, which must be considered along with the degree of foreign ownership in this country. There are many statistics emanating from Statistics Canada which are bandied about freely in the press and in this House to the extent that it would seem that the whole of our industry is owned by foreigners. But that is not the case. In many industries only 75 per cent or 65 per cent of the shares of a company are owned outside the country, and yet this appears as a 100 per cent foreign-owned company.

The Canadian taxpayer has been placed in a position of inferiority vis-à-vis the chief competitor, the United States taxpayer. We know about the principal occupation rule and how the Canadian petroleum industry has suffered as a result of it. When the situation was ripe for individuals to move in, the United States citizen, on an individual basis had the advantage over the Canadian operator principally because of the principal occupation rule. There has been partial relief in this respect, but the minister might give some throught to the fact that the principal occupation rule exists to the extent of 80 per cent: one can write-off only 20 per cent. It is still an albatross around the neck of the Canadian investor.

If we are to do something concrete and positive about the problem of foreign ownership, the Canadian investor must be placed in a position of equality or even priority. I would discriminate in favour of a bona fide Canadian taxpayer when it comes to, say, resource development or whatever formula is adopted among incentives for Canadians to own their businesses. There is no question about buying back: even if we let the Créditistes loose for a year we could not print enough money to attempt to buy back Canadian industry. Nor would the New Democrats, with all their Wafflers, try to force people to invest. To invest in what? Would they invest in government bonds? Nothing has been suggested there as a practical solution.

Certainly there can be an improvement in the situation. One classic example is the moving of the headquarters of the Hudson's Bay Company from London to Winnipeg. In a matter of three years this has resulted in an increase of shareholdings by Canadians from 6 per cent to 47 per cent. It is under Canadian management. Canadians have been prepared to buy and now have an opportunity to buy stocks here in Canada.

Why do Canadians not buy stocks in Canada? Why is it Canadians have $3 per capita more invested in the United States than is invested by United States citizens in Canada? People are shocked by that thought. In fact, per capita Canadians have three times as much money invested in the United States as their American counterparts have invested in Canada. Of course, by reason of the fact that we have only 22 million people, the totality of the Canadian investment in the United States, in that whole big economic machine, is only a small corner. On the other hand, the impact of United States ownership in Canada provides quite an economic crunch and they have that much more leverage. I will tell you where they have more leverage; and this is the point Servan Schriever makes in his book with regard to American ownership in Europe.

• (2110)

It is not the degree of ownership, but managerial skill that counts. This means a great deal and it is something that has not existed so far in Canada. It is improving, but what is necessary is really competent managerial skill, which can be learned only by experience and by training; it is not something that one develops from the seat of

one's trousers. They have it in a much higher proportion than we. As I said, it is a matter of tax laws, a matter of managerial skill.

What is the answer to all of this? Well, it was to be in the so-called Gray report which was leaked in a Canadian publication last November. Let us look at the objectives of the memorandum, which read in part as follows:

1. To set up the alternatives available to the government in presenting its foreign investment policy to parliament and public;

2. To consider what should be done about foreign takeovers of Canadian firms in the period between the day of the policy announcement and the enactment of the necessary legislation;

3. In the light of the first two objectives, to consider the advantages and disadvantages of early legislation to screen foreign takeover; and

4. To consider what should be done about certain other issues—the status of the criteria which will guide the review agencies, the sanctions for non compliance—either with decisions of the review agency or with the terms of deals made with it, the definition of foreign takeover and control, and details of the administrative machinery, including the question of thresholds for registration and screening.

At that time, also, there were strong suggestions that foreign investment would be controlled, that there would be restrictions on foreign personnel acting in Canada. It was going to be a real "made in Canada" operation. But all that has come out of it, outside of a great deal of uncertainty and unhappiness with Canada among our friends in foreign lands, has been Bill C-201 which is to create an agency to screen takeovers.

I am not yet satisfied as to the constitutional jurisdiction of the government of Canada in this respect. How will it block, disallow or somehow negate the transfer of shares from one provincial company to another provincial company all of whose operations are within the confines of one province? I will be very interested to hear the minister tell us how they propose to do that. Or are some of these suggestions made in the bill of the same nature as those that were incorporated in the Canada Corporations Act which are pure window-dressing? They are non-effective for the purposes that were given as an explanation of their inclusion in the amending bill. Page after page of them has served no useful purpose except to add more red tape and a lot more expense for people in business. They affect only a very small segment of Canadian corporations.

If the minister will say that this will affect only those companies under the Canada Corporations Act, then that is one thing. But if he says this will operate to limit the takeover of a privately-owned cement company in British Columbia by another company operating in British Columbia where the degree of foreign ownership is sought by the mathematical formula in this bill, that is another thing. Will the minister tell us whether that is the intention? Is there any means whereby the Parliament of Canada can legislate to do anything in that regard? Will the review board be able to do anything about that, and will the minister, as the minister responsible under this bill, be able to report a yea or a nay to his colleagues so that an order in council may be issued dealing with the company or companies which are entirely Nova Scotian in their aspects?

In any event, I join other hon. members who have said something about what will happen in committee. We will see. Perhaps we will get some very illuminating explanations. I have a suspicion that this bill is a tiny field mouse that has been produced after eight years' gestation and was simply brought forward because there had been a leak and the government had to explain that documents did exist and that something was being done.

I want to speak about an industry that is much quoted as being one of those that is very much under foreign domination, that is, the Canadian mining industry. I will quote a paragraph from the address of the president of Noranda Mines at its annual meeting in April of this year. It must be remembered that 92 per cent of Noranda's 34,000 shareholders are Canadians owning a similar percentage of the outstanding stocks, so this is not the president of an American-dominated or foreign-dominated corporation reporting to his foreign shareholders. This is what Mr. Powis said:

The last point to consider is the question of foreign ownership of the Canadian mining industry. A great deal is made of the figures produced by Statistics Canada which purport to show, for example, that 80 per cent of our smelting and refining capacity is foreign-controlled. However, as indicated previously, these figures are fragmented and highly misleading. The fact is that Canadians control 67 per cent of our copper refining capacity, 70 per cent of zinc capacity and 100 per cent of lead capacity. It is only in aluminum and nickel that so-called foreign control is predominant, and this is because Alcan and International Nickel are considered to be foreign companies because somewhat less than half of their shares have been owned in Canada. However, if the trend of increasing Canadian ownership of these two companies continues, a majority of their shares will soon be held in Canada and the statistics will then show that all major sectors of the smelting and refining industry are overwhelmingly controlled in this country.

You see what a little encouragement, from the tax point of view, for the Canadian investor will do? If Canadians investing in International Nickel tip the scale to 50 per cent plus one, then those industries would be dominated by Canadian-controlled companies. This is how and why the statistics that are so often quoted are misleading. They leave out the most pertinent parts of the information that would affect us.

I have no time to put on the record a quotation from an excellent publication entitled "Performance of Foreign-Owned Firms in Canada." I will do so at another time. This is a study taken under the sponsorship of the Canadian-American Committee headed by Professor A. E. Safarian of the University of Toronto. I commend this little book to hon. members. It contains some very illuminating conclusions with regard to the performance of foreign-owned firms in Canada.

• (2120)

Dealing with solutions, Mr. Speaker, the hon. member for Grenville-Carleton (Mr. Blair) complained about a lack of counter-proposals. There is an over-all problem of foreign ownership and it has many facets. I did not hear the minister this afternoon, but to be strictly relevant to the bill he should have talked about foreign takeovers only and about reviewing them. I have already spoken about one of the solutions which I think the majority, if not all, of my colleagues in the official opposition advance. It is that the Canadian taxpayer must be given the proper incentives. He must not be placed in any position of inferiority under our tax law when compared with

other taxpayers with whom he is competing. This is solution No. 1.

Secondly, Mr. Speaker, we must have an integration of succession duty and capital gains tax. Then I think it is possible for the federal government and the governments of the provinces to act on a pro-Canadian basis. I can give you an example, and I am sure there are many others. The most recent one that comes to mind was when Syncrude, in my own province, obtained an enlargement of its permit and the administration imposed a number of conditions which were pro-Canadian in their thrust. Everybody recognizes their purport. It did not require lengthy statutes to say this or that must be done. This was action taken by government in regard to a particular industry.

My colleague from Fundy-Royal this afternoon dealt at some length with a partial solution dealing with the key sector. That is now in existence. As I say, Mr. Speaker, I do not think there is one complete solution to the problem. I am concerned that this bill is being put forward as a very brave answer to the problem even though it may deal with only a very tiny segment of it. I am very uneasy about a lot of the takeovers and about the ease with which they are undertaken. But, Mr. Speaker, I say that we Canadians have created the climate for them. We have created the conditions that led to these takeovers.

One solution tried in the past was a restriction on the sale of shares. I remember the case of Alberta Gas Trunk Pipe Line whose shares were to be sold in limited amounts first to Albertans. That sale was really oversubscribed. But, Mr. Speaker, the general public has not yet been educated to hang on to its investments. This was a good investment, but many of the people who had never held shares before sold them as soon as they rose $10 or $15. The shares were placed immediately on the market. The company is still controlled in Canada but I suggest a significant number of the shares are held by investors abroad.

I also remember when Rainbow Pipe Line was being incorporated here. All the companies involved were foreign-owned or foreign-controlled and in fact the dominant interest in one of them, Aquataine, was held by the French government. I suggested that the shares in Rainbow Pipe Line be placed on the market with the same kind of restriction as applied to Alberta Gas Trunk Pipe Line. That is a solution to that particular type of monopoly.

I see no hope for the Canadian Development Corporation in this field, not one iota. I do not want to traverse old ground, but the Canadian Development Corporation so far as I am concerned is a dead duck. It was ruptured the day it was born. It will never operate for the Canadianization or preservation of Canadianization of industry.

So, Mr. Speaker, we will examine this bill in committee. I am opposed in principle to the screening of takeovers. I am uneasy about them, as I have said. I do not think this bill will go very far, but let us see how far it goes and then we can get to the problem. We do not have a monopoly of this problem; it is worldwide. We must remember that if we place restrictions on foreign owners, then similar restrictions may be placed on Canadians operating abroad. We must live and let live, and to that extent the problem becomes more complex.

Foreign Takeovers Review Act

Mr. Norman A. Cafik (Ontario): Mr. Speaker, I am very pleased tonight to be able to address a few remarks to the chamber on second reading of Bill C-201, the purpose of which is to provide for review of foreign takeovers in Canada. I would like to confess immediately that I class myself as an economic nationalist. I feel quite strongly that we have to take strong steps in order to preserve our national identity and economy and to maximize the economic control that Canadians ought to have over their own affairs; but at the same time I recognize that this is a very complicated problem.

There are many regional influences involved, and provinces within their own jurisdictions are rightly concerned with the amount of foreign investment that they can attract. We live in a federal system, and when we have a federal policy that is too stringent it can have disastrous effects upon the underdeveloped regions of Canada which are much concerned with the problem of attracting foreign investment to their respective areas. We must stimulate the economy to create the maximum number of jobs for the fastest growing labour force in the world. I feel that our policy has to be a responsible one directed to maximizing employment and at the same time seeing to it that there is no further erosion of Canadian ownership. I think this bill is a step in that direction.

Personally, I am not convinced that this legislation is as far as we ought to go, but I would like to say a few words on the subject which the committee after second reading might bear in mind. For a moment I would like to examine the reactions of the various premiers across Canada, to see what they think of this bill. In the province of Newfoundland, to my knowledge the new premier has not really made a definitive statement, but in Prince Edward Island, Premier Campbell has stated quite clearly—

Mr. Paproski: He was just sworn in.

Mr. Deputy Speaker: Order, please. The hon. member for Ontario (Mr. Cafik) has the floor.

Mr. Benjamin: That's the whole problem.

• (2130)

Mr. Cafik: In Prince Edward Island, Premier Campbell has clearly indicated that as far as he is concerned the origin of funds is not the major concern; rather, it is to make sure that the federal government does not take steps to minimize the amount of foreign investment and job creation in the area. In New Brunswick, as far as I can see Premier Hatfield has indicated that this policy is acceptable to him. In Quebec, Gerald Levesque, the former minister of trade and commerce in that province, indicated that they did not want the federal government to close the door on any investment which would create jobs.

Mr. Paproski: Who is that—premier René Levesque?

Mr. Cafik: Premier Davis, in the province of Ontario has warned the federal government and the people of Ontario against plunging blindly into programs that would produce greater domestic control of the economy but would divert foreign investment from Ontario. He has said that Ontario still needs investment from outside its borders.

"We cannot live as a province or as a nation unto ourselves". He added, "We must be involved in the total world community; Ontario cannot act in isolation." So it appears that Premier Davis, in what I believe to be one of the richest provinces in Canada, thinks that we have to be careful even there in terms of controls on foreign investment.

Premier Schreyer of Manitoba indicated that he considered the proposal for a review board to be a positive one. He said that provided it does not get too bureaucratic, it can only help and cannot do any harm.

An hon. Member: Go on, finish it.

Mr. Cafik: Premier Allan Blakeney in Saskatchewan has taken a different stance and as far as I can see from his statements has indicated that he would like to see a stronger stand taken in respect of foreign control.

Some hon. Members: Hear, hear!

Mr. Cafik: In Alberta, the Minister of Industry, Mr. Peacock, has said that he does not oppose Ottawa's examination of foreign investment as long as the federal government does not hamper the province's access to new capital. As far as British Columbia is concerned I really could not give a report. They do not seem to have made any statement in this regard.

Mr. Paproski: We are just a new Conservative government there. Give us a little time.

Mr. Cafik: I should like to talk for a moment about the present components of foreign investment policy. To deal first with banking institutions, in 1967 the Bank Act was amended to ensure that banks would be 75 per cent Canadian controlled. No person or group, foreign or Canadian, may hold more than 10 per cent of a bank's voting shares. One foreign-controlled bank in Canada at that time, the Mercantile Bank, was not permitted to grow above a certain size without government permission regarding ownership requirements.

In the insurance, loan, trust and sales financing fields, seven years ago the government introduced amendments to the Loan Companies Act, the Trust Companies Act and the Canadian and British Insurance Companies Act to prevent foreign investment takeovers of federally incorporated companies covered by the legislation. The proportion of shares which non-residents could hold was limited to 25 per cent and no single foreigner could hold more than 10 per cent. The law was not made retroactive, but existing foreign-owned holdings above 25 per cent were not allowed to increase.

Last year, in 1971, the Investment Companies Act was amended to prevent further foreign acquisition of sales finance firms covered by the act. The federal law covering these financial institutions does not cover the establishment of new firms, nor does it cover provincially incorporated firms although at least one province, Ontario, has enacted legislation which parallels that of the federal government.

The government has acted to limit foreign ownership in the case of Telesat Canada. Legislation requires that ownership shall be divided between the federal government and its agents, approved telecommunications carriers and other Canadian citizens and, apart from their holdings, not more than 20 per cent of Telesat's outstanding shares may be held by non-residents. In the field of uranium the government has adopted a policy whereby ownership by non-residents of voting shares in Canadian uranium producing properties will be limited.

In the oil, gas and mining fields, although not a major restriction on foreign control of Canadian investments in these industries, steps have been taken applying to oil, gas and mining leases in the north and offshore. This already covers oil and gas leases in the Yukon, the Northwest Territories and offshore and mining leases in the Northwest Territories and offshore. A current bill would extend coverage of mining leases to the Yukon as well.

The Canadian participation provisions of the Canada oil and gas land regulations, the Canada mining regulations pursuant to the Territorial Lands Act, the Public Lands Grants Act and the Yukon minerals bill restrict leases to Canadian citizens, to corporations which are 50 per cent beneficially owned by Canadians or to companies whose shares are listed on a recognized Canadian stock exchange and in which Canadians have a chance to participate in the ownership and financing. Federal government investment, in partnership with private interests in Panarctic, has helped ensure a significant Canadian element in the development of the oil industry in Canada's north.

In the broadcasting field, under regulations pursuant to the Broadcasting Act foreign-controlled firms holding broadcasting licences are being required to sell to Canadian citizens or to eligible Canadian corporations. To be eligible, the corporation must be incorporated in Canada, the chairman and directors must be Canadian citizens and at least 80 per cent of the voting shares and shares representing in aggregate at least four-fifths of the shares of the paid-up capital must be beneficially owned by Canadian citizens or Canadian-controlled corporations. In addition, regulations respecting Canadian program content are also in force.

In the field of newspapers and periodicals, seven years ago in 1965 amendments introduced to the Income Tax Act provided that firms may not deduct as a business expense the cost of advertising directed primarily at the Canadian market in non-Canadian magazines or periodicals. Exemptions were made for foreign-controlled publications already operating in Canada, notably *Time* and *Reader's Digest*. An amendment to the Customs tariff had the effect of prohibiting entering of non-Canadian periodicals containing advertising directed at the Canadian market.

A word about the Canada Development Corporation which I think is one of the components of a Canadian ownership policy. The CDC was established to help develop and maintain strong Canadian-controlled and Canadian-managed firms in the private sector of the economy and to give Canadians greater opportunities to invest and participate in the economic development of Canada. It is expected to invest in enterprises in which it expects have a substantial holding of shares carrying voting rights and in which the total value of shareholders equity would

exceed $1 million. The CDC is not expected to make investments that do not meet a profitability criterion.

In regard to tax policy, last June the budget featured several proposals to increase the attractions to Canadians, relative to non-residents, to acquire equity in Canadian enterprises. The then minister of finance listed four main features as follows:

> First, Canadian corporations will be permitted to deduct as an expense, interest on funds borrowed to finance the purchase of shares in other corporations ... (eliminating) a disadvantage which Canadian corporations have had in competing with foreign corporations in takeover bids. Second, the 10 per cent limitation on foreign assets of pension funds and retirement savings plans will have an important influence in channelling the funds of these large intermediaries to Canadian businesses. Third, the lower tax rate for small business will be available only to Canadian-owned companies ... Finally, the form of the dividend tax credit makes the incentive to invest in shares of Canadian corporations even more attractive than it has been for most Canadians.

In addition to this there has been a public investment policy and attendant regulations. Government investment in rail and air transport, telegraph facilities, atomic energy and, at the provincial level, in electricity generating and other utilities has had the effect in increasing and maintaining a high level of Canadian ownership in these areas.

• (2140)

Government regulation in the transportation and communications fields, among others, are also helping to ensure behaviour by national firms that is consistent with national objectives. I think that although public investment and regulations have not been designed primarily as an element of foreign investment policy, they have in some industries ensured a Canadian presence and, in other industries, behaviour consistent with Canadian policy.

May I, for a moment, look at controls that other countries impose on foreign capital investment. Of all the western developed countries, including Japan and Mexico, none has such a high proportion of its economic production controlled by non-nationals as this country. In countries where foreign ownership is at all significant, the foreign owners are usually from several other countries; but in Canada four-fifths of direct foreign investment comes from one country, the United States, the most industrially powerful country in the world.

Governments use various methods to control and direct foreign investment, including screening processes, exchange controls, control over access to domestic savings, mandatory rules over share transfers, ownership of real property by non-nationals and participation on boards of directors and management. In addition, all countries elaborate specific key sectors in which foreign investment will be prohibited or severely restricted. In cases where specific sectors are not elaborated, an implicit sector approach is often utilized by the general screening process.

The United States, the Netherlands, West Germany and Denmark have very few restrictions on direct foreign investment. The United Kingdom, Australia, Belgium, Italy and France welcome foreign investment but bargain with the potential investor in order to ensure that the foreign investment will meet the needs of the host country. Performance, location and type of industry are all discussed and negotiated in those countries. Sweden and Norway, despite the absence of major formal restrictions, protect key sectors rigidly. Similarly, Italy, Austria, France and the United States exclude foreign investment from significant sectors of their economy. Mexico and Japan follow an actively nationalistic policy. In Mexico the principle is that new foreign capital should be seen as a supplement to internal savings. In Japan foreign participation is not allowed until the industry is seen to be ready to compete internationally.

These countries have used a number of policies to control foreign participation. Some countries have adopted a general screening process whereby all foreign investment requires government approval. This vehicle is used by the United Kingdom, Norway, France, Japan and Mexico. To a lesser extent, often in the guise of exchange controls, Italy, Belgium, Sweden, Denmark, Austria and Australia use this process. Certain countries also use such exchange controls and limit access to domestic savings. Foreign takeovers are often financed by the host countries.

In Canada I believe this is one of our real difficulties. To avoid this France, for example, requires that all or part of an investment requirement must be financed from abroad. In the United Kingdom all takeovers must be financed from abroad. Frankly, I think we ought to move in this direction as well. I think it is inappropriate for foreign people to come to this country and buy up our industries with our money. They do this by borrowing money from our banks and lending institutions. I think the committee must look carefully at this area.

Another technique is limiting share transfers and the percentage of real property which can be held by non-nationals. In Sweden, companies can prevent the sale of their shares to non-nationals. Switzerland and Japan use different categories of shares for foreign nationals, and thus control remains in the hands of nationals, that is, in the hands of citizens of the host country.

Mr. Benjamin: What does the hon. member think of that?

Mr. Cafik: Switzerland, Norway, Denmark and Sweden do not allow non-nationals to purchase real property. Also, some countries limit participation on boards of directors and in management. For example, the Scandivanian countries insist that there be a majority of nationals on each board. Other countries, such as Japan, insist that management remains entirely in the hands of citizens of that country no matter what percentage is owned by foreigners. Britain and Australia prefer to see a majority of their nationals on boards of directors. Generally speaking, this is another bargaining point to be settled by those countries.

Mr. Benjamin: Where does the hon. member stand?

Mr. Cafik: All countries, whether they formally assume a liberal or very nationalistic stance, use the key sector approach in this field to some extent. I have enumerated some of the approaches that have been adopted by other countries. When the committee reviews this bill it ought to take those factors into account and consider, particularly,

the question of people coming into this country, taking over our companies and financing those takeovers, so to speak, at our expense. It seems to me that something ought to be done and that the committee should look at this particular problem.

When the committee considers the bill, I hope it will look into another point I am about to raise. On April 23, 1970, when I spoke in the House on foreign investment, I spoke of what I thought was an important area that must be considered. I said we borrow a great deal of our loan capital from our federal and provincial institutions—for instance, we take money from funds set aside for the unemployment insurance fund, and so on—but that equity capital is brought in from abroad, usually from the United States. It seems to me, if we need foreign investment, we need it in the form of loan capital and not in the form of equity investment.

Some hon. Members: Hear, hear!

Mr. Cafik: I believe the Canadian people want more Canadian control in this area and would be willing to authorize their federal and provincial governments to allow public moneys to be used in equity purchases, even though some risk may be involved. At present our legislation prohibits the federal and provincial governments from using these masses of money except for perfectly safe loan ventures. That course, I believe, has had the tendency of maximizing the degree of foreign control in this country because it has forced people to seek equity money abroad.

Mr. Rowland: Read the Manitoba legislation.

Mr. Cafik: I believe the Canadian people are willing to so authorize their governments and I believe they are willing to take the gamble. If they are willing to do so, I think we ought to encourage them. The same kind of problem is encountered with other financial institutions such as—

Mr. Benjamin: The Liberal party.

Mr. Cafik: —our finance companies and insurance companies which are prevented by law from investing in equities except to a limited degree. I think we ought to do something in that area as well. Legislative changes need to be made. I think something ought to be done in both these areas to help maximize Canadian control over the economy.

I believe the present policy is a step forward, although in my view and in the view of many Canadians it is not a very brave step forward. On the other hand, this is the responsible approach since at this time we must not do anything that will jeopardize our ability to create jobs. I think we must take more courageous steps in future. I hope that once we get our people back to work in the Canadian economy the government will give serious consideration to further measures which will maximize our control over our economy.

• (2150)

Mr. David MacDonald (Egmont): Mr. Speaker, I appreciate the opportunity to say a few words this evening, and presumably a bit more tomorrow, with regard to the legislation presently before us. When the Minister of Industry, Trade and Commerce (Mr. Pepin) spoke earlier today I was somewhat surprised, as I am sure others were, that the Minister of National Revenue (Mr. Gray) could not find it possible to lead off for the government on the need for the evolution of policy on this issue.

Mr. Pepin: Why were you surprised?

Mr. MacDonald (Egmont): I thought he was the minister who was chiefly responsible. But we are gradually getting the picture that this legislation is to be nothing more than a piece of face-saving material.

Mr. Pepin: We split the work. I do the bill, he does the tour of the provinces. What is wrong with that?

Mr. MacDonald (Egmont): I am glad that he is still in the government. I thought perhaps he had taken the route of some ministers who decided that the government was not responsible, and resigned.

Mr. Pepin: That is our business.

Mr. MacDonald (Egmont): If the minister wants to speak again, I would be quite happy to let him do so.

Mr. Pepin: Say something intelligent.

Mr. MacDonald (Egmont): The only intelligence the minister has displayed so far is the ability to be concerned about an issue that is important, but there was certainly not anything in what he said this afternoon to show that the government is prepared to come to grips with this problem.

It is rather surprising that the government has the ability to be at the opposite end of the emotional spectrum when the other response is required. I am impressed by the ability of this government to appeal for balance when strong measures are needed, and then caution against halfhearted measures when unnecessary overreaction characterizes its activity. I do not think I have to spell that out for the minister; I think he knows exactly to what I am referring.

There is very little dispute between members of this House on the present financial difficulties facing our country. Indeed, the difficulties seem to indicate that any activity of a reporting nature with regard to financial institutions and transactions in this country should be considered with full care and caution. Well, caution is not lacking in the law we are discussing this evening. As a matter of fact, the bill before us is almost smothered in and suffocated by it.

The long, arduous, shrouded-in-secrecy study of the government and its policy development is broken only by the odd leak. This is one case when the leaks were better in some instances than that which was eventually produced. There was a great feeling of suspense. The final product is much like the egg that was sat on too long; all we have for policy is a bad yoke. I suspect the smell will be with us for some time to come.

No government that has been so callous about the necessity of creating employment has the moral right to

hide behind the issue of jobs needed. It is more than a little inconsistent to hear government speakers tell us that we must be so concerned about the issue of jobs, yet that is what we are hearing from them. Indeed, we are not hearing a strong statement of support of the bill before the House but, rather, a continuous apology for a policy for which apologies cannot be made.

The previous speaker, the hon. member for Ontario (Mr. Cafik) spent most of his time suggesting alternatives. He really gave us quite a tour. It was almost like a combination of the encyclopaedia and the Canadian geographic magazine; he went all across Canada, all over the world and threw in his ideas. He seemed to forget the matter before us is government legislation which, if he is still a member of the government, he is supporting. It is just another indication of lack of support.

There is also a reflection of lack of leadership on this particular issue. Nowhere has there been any less indication of leadership than on this issue. If one wants, as some government speakers have done, to refer to the Canada Development Corporation as another part of the positives, it certainly is a part of the positive: it is establishing a new game of Crown corporation musical chairs where we, presumably, will permanently see a collection of various odds and sods of institutions, all of a governmental or quasi-governmental nature, being taken over by the CDC with absolutely no relationship to the question of economic self-determination for Canadians.

We in this party are well aware of the need to encourage development in Canada, especially in areas where economic conditions are depressed. We in this party have no hang-ups or misconceptions about a healthy attitude toward foreign investment.

An hon. Member: What does that mean?

Mr. MacDonald (Egmont): Just listen and I will get to it. Where we differ and find cause to belittle this bill and its child's step, instead of what should be a mature solution, is in the complete reluctance to realize the firm need for some very clearly stated guidelines on foreign investment and Canadian development for this country. I find it passing strange for the government, with a straight face, to produce a report such as was presented to this House a few short weeks ago and then follow it up with this kind of bizarre piece of legislation that the minister spoke of this afternoon.

Mr. Pepin: You have already said that three times.

Mr. MacDonald (Egmont): Maybe it needs to be said more often if the message has not reached the minister's ears. Presumably that is one of the points of debate.

Mr. Pepin: I am waiting for ideas.

Mr. MacDonald (Egmont): There will be plenty. I hope the minister took note of those that were presented today. I am sure he did. There must be some understanding of what the government's role will be with respect to investment generally. There is no indication whatsoever of what the government has in mind. Indeed, all we are getting from this government in the matter of investment is a conflicting signal.

The greatest enterprises which involve the largest number of Canadians must be shaking their heads in vain about what the government is really up to with regard to the Canadianization of economic activity. I am referring to the activities that took place last fall with regard to the taxation of co-operatives and credit unions. Both inside and outside this chamber we witnessed hamhanded attempts to limit the effectiveness of the most Canadian institutions that we have. It was only after considerable pressure that the government finally and reluctantly reverted to the previous legislative situation which in effect provided an effective framework for co-operatives and credit unions to flourish in this country. What could be more important to the future development of Canadian involvement and control of commercial activities than these two very important enterprises?

Since it has reached ten o'clock I will not take up any more time this evening. However, I will present some concrete suggestions tomorrow afternoon and I hope the minister will be in the chamber to hear them and respond. May I call it ten o'clock, Mr. Speaker?

PROCEEDINGS ON ADJOURNMENT MOTION

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

EXTERNAL AFFAIRS—BANGLADESH—ESTABLISHMENT OF FACILITIES IN DACCA FOR CANADIAN PLENIPOTENTIARY

Mr. Heath Macquarrie (Hillsborough): Mr. Speaker, on May 8 I asked the Secretary of State for External Affairs (Mr. Sharp) the following question:

> Mr. Speaker, I should like to ask the Secretary of State for External Affairs a question. Inasmuch as the distinguished High Commissioner for Bangladesh has arrived in Ottawa, can the minister report on whether or not facilities have been acquired in Dacca for the Canadian plenipotentiary to perform his duties, and when that official will in fact be performing his duties in Dacca?

• (2200)

The reply was:

> Mr. Speaker, I shall have to take the question as notice. I am not certain whether our new High Commissioner has yet appeared in Dacca. As the hon. member knows, there is a double accreditation to this post.

I may say I have had no further response to this question which the minister took as notice. Needless to say, Mr. Speaker, I was aware of the fact that the chief Canadian representative to Dacca had accreditation at another capital. It was this very situation which I protested a good many weeks ago.

This situation is doubtless another aspect of the withdrawal syndrome reflected in the government's white paper on foreign policy. There are in Ottawa today representatives of ten countries at whose capitals Canada has no accredited plenipotentiary. The House will have heard me make frequent mention of the little Commonwealth country of Barbados which has had a fine mission here in

Ottawa for some years. Yet Canada, a nation of 21 million, cannot seem to find the interest or the funds to reciprocate by opening a mission in Bridgetown. I must cite a recent announcement by the minister indicating that there is now an intention to open a mission in Barbados and five other areas by 1974. But why are we lagging? Does austerity clutch the external affairs department with its icy hand long after it has relaxed its grip on other free spending departments, for example, that of the Secretary of State?

Bangladesh is the second largest country in the Commonwealth and is one to which we should extend not only recognition, as we have, but to which we should send a high commissioner accredited to that great land and to it alone. So horrendous has been its suffering, so immense are its problems and so great our opportunity for assisting a fellow Commonwealth state that Canada should feel humiliated at its incapacity to upgrade its mission. We should have a full time high commissioner there and an adequate office and staff in Dacca. There is much to do in Bangladesh and I cannot believe the people of Canada want their government pennypinching on this issue. Nor can I believe we do not have adequate personnel to staff such an office.

I am not especially enamoured of the insensitive approach to the problem by the minister when he reported on May 15 that Bangladesh would prefer more aid rather than a resident Canadian high commissioner. This, I think, begs the question in a somewhat gauche and condescending manner.

Mr. Ray Perrault (Parliamentary Secretary to Minister of Manpower and Immigration): Mr. Speaker, I would remind the hon. member that the Secretary of State for External Affairs (Mr. Sharp) announced on April 10 cabinet approval for the opening of six new posts. The proposed new posts will enable Canada to achieve more effectively its national objectives relating to its political, commercial, economic, aid, immigration and consular interests.

Embassies or high commissions will be opened in the following countries: Barbados, Hungary, Korea, Morocco and Zambia. A Canadian consular office already exists in Budapest, and Canadian development offices in Lusaka and Rabat. I would remind the hon. member of this when he comments on the alleged failure of the government to be more active in this field. A consulate general will be opened in Atlanta, Georgia. The posts should all be in full operation in 1974. However, the majority will likely be in partial or full operation sooner, as some elements of the posts are already in place or will be transferred from existing nearby posts. Preparations for the opening of these new posts will begin as soon as possible.

Diplomatic relations were established with Bangladesh on March 20 when our ambassador in Bangkok, Mr. Gordon Cox, in his capacity as representative of the government of Canada to Bangladesh, arrived in Dacca for his first visit. Bangladesh having become a member of the Commonwealth on April 18, our representative has been designated as High Commissioner of Canada to Bangladesh and is expected to present his credentials in that capacity almost immediately. He is probably en route to Dacca at this very minute.

[Mr. Macquarrie.]

A Canadian development team has been assigned to direct the Canadian assistance program in Bangladesh and the first member, who is also a member of the staff of the Canadian representative, has been in Dacca since mid-March. Another member has joined him, to make two on the ground in Dacca. An additional first secretary is being appointed to the embassy in Bangkok to assist the ambassador in his responsibilities toward Bangladesh. He will be spending an increasing amount of time in Dacca, and the facilities available to the development team will be increased so as to permit the operation of a full diplomatic mission as soon as budgetary considerations permit.

PENSIONS—ALLEGED THREAT OF LOSS OF ALLOWANCES OF BLIND PERSONS WORKING ON LIP PROJECTS

Mr. J. M. Forrestall (Dartmouth-Halifax East): Mr. Speaker, I find it regrettable that neither the minister nor his parliamentary secretary, the hon. member for Papineau (Mr. Ouellet), are here this evening. I do not like to suggest that this is a measure of the seriousness with which the government takes the question I raise this evening, but very obviously it is.

Mr. Francis: There is good reason why he cannot be here.

Mr. Forrestall: If the hon. member has something to say, he may respond. If either of those hon. members are here, then I apologize to both. But it is my understanding that the hon. member for Papineau is the minister's parliamentary secretary and I do not see the minister or that hon. member here. I may be wrong in choosing—

Mr. Francis: Mr. Speaker, by arrangement with the hon. member, who has good reason for not being here, I am prepared and will endeavour to reply.

The Acting Speaker (Mr. Laniel): Order, please. The hon. member knows that points of order cannot be raised at this time. The practice and procedures are quite clear in this regard. Members are given the opportunity at this time to make their arguments, and the parliamentary secretary will have the opportunity to reply in due course.

Mr. Forrestall: The only comment I wish to make is that while there may have been arrangements made, they were not made in consultation with me. I appreciate the distinguished gentleman being here this evening to respond.

My question is quite brief and relates to the difficulty faced by people receiving blind pension allowances when they enter into LIP projects. It is quite clear that blind pension allowances are directly within the jurisdiction of provincial governments. I have no illusions about that, but I make no apology for raising the matter of protecting people on blind pension allowances.

The fact is that under existing legislation the federal authority is compelled to recover overpayments to people receiving blind pension allowances. Any income over and above the $900 allowance, plus $600 which they are allowed to earn, must be recovered. I am also aware that if these people were receiving benefits under the Canada Assistance Plan they could receive up to $1,900 before this

recovery provision came into play. My concern is that while the problem has been resolved for at least this year, will the government be prepared to continue to protect people in receipt of pension allowances in the event that the level of income is affected by programs falling entirely within federal jurisdiction? I refer to programs such as those which in fact operate on the basis of direct injection into the economy of taxpayers' dollars—programs such as LIP.

• (2210)

I am sure the hon. gentleman opposite understands my concern. I wonder, at the same time, whether the government might consider in a realistic way and in consultation with the provinces a total and effective review of the blind persons allowance inasmuch as we are all aware that under the Canada Assistance Plan people who have this type of disability are, or could be under other circumstances, entitled to income up to $1,900 before impairment of that program begins to take place, whereas under the existing program they are limited to $600 over and above the amount they receive.

I hope the hon. gentleman will comment on this matter of interest and concern people who are in receipt of the blind persons allowance. I am sure they and the provinces would welcome a clear demonstration of understanding of the difficulties which arise under programs such as LIP. In short, I believe they would welcome clarification on where they will stand next year. I think this is a most important matter and I would appreciate my colleague's comments.

Mr. Lloyd Francis (Parliamentary Secretary to Minister of Veterans Affairs): Mr. Speaker, by arrangement with the hon. member for Papineau (Mr. Ouellet) I have undertaken to make a reply this evening. The hon. member has made his brief and material available to me.

The Blind Persons Act provides for federal sharing, under agreement, of 75 per cent of the amounts paid by the provinces for allowances to blind persons 18 years of age and over. The provinces pay allowances to recipients under authority of provincial legislation but in accordance with the provisions of the federal act. The act specifies that payments to a province shall be made only in respect of a recipient whose annual income, inclusive of allowance, does not exceed $1,500 for a single person—the hon. member pointed this out—or $2,580 for a married couple. If both spouses are blind, the income must not exceed $2,700.

Income for this purpose includes all earnings, gratuities and contributions received whether in cash or in kind. This is the requirement under the act. However, under the Blind Persons Act it is general practice for provinces to disregard earned income during the period that the allowance is suspended, except in the case of regular seasonal employment, provided the person advises the province at the time he commences employment and requests suspension of his allowance.

Similarly, when earnings cease, the person may have his allowance reinstated without taking into consideration the amount earned during the period the allowance is suspended. Although federal officials have encouraged this practice, it is at the discretion of the province whether or not the practice is adopted. Under these circumstances, blind persons who have been employed on projects such as those under LIP could have earnings without creating an overpayment or affecting future payment of allowances.

Mr. Forrestall: For this year only.

Mr. Francis: No. This is a general policy which can be applied by the province under the existing regulations. It could apply to this year or any period in the future. The officials of the Department of National Health and Welfare have been in touch with officials of the department of public welfare in Nova Scotia and their understanding is that the problem regarding blind persons employed on LIP projects will be favourably settled.

Motion agreed to and the House adjourned at 10.16 p.m.

HOUSE OF COMMONS

Tuesday, May 30, 1972

The House met at 2 p.m.

ROUTINE PROCEEDINGS

FINANCE, TRADE AND ECONOMIC AFFAIRS

Third report of Standing Committee on Finance, Trade and Economic Affairs—Mr. Kaplan.

[*Editor's Note: For text of above report, see today's Votes and Proceedings.*]

* * *

CANADIAN NATIONAL RAILWAYS

ALLEGED DOWNGRADING OF PASSENGER SERVICE—REQUEST FOR UNANIMOUS CONSENT TO MOVE MOTION UNDER S.O. 43

Mr. Jack Marshall (Humber-St. George's-St. Barbe): Mr. Speaker, I seek the unanimous consent of the House under Standing Order 43 on a matter of urgent necessity. The serious claims by all segments of transportation and communications and particularly by railroad workers that Canadian National Railways is deliberately downgrading rail passenger service, and their demands for the reinstatement of rail services, emphasize the need for reassessment. Since these claims contradict the announced direction of government transportation policy made known to the Transport Committee and in the promotion campaigns of Canadian National Railways, I move, seconded by the hon. member for Gander-Twillingate (Mr. Lundrigan):

That the government place a moratorium on all pending applications for discontinuance of rail passenger service and that they instruct the Canadian Transport Commission to initiate an independent study to assess the management capabilities of CNR and the effect of CNR decisions on the Canadian public.

Mr. Speaker: This motion is proposed under the terms of Standing Order 43 and requires unanimous consent.

[*Translation*]

Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

Mr. Speaker: Consent is not unanimous. Therefore the motion cannot be put.

[*English*]

ORAL QUESTION PERIOD

FINANCE

HIGHER LEVEL OF CANADIAN DOLLAR IN RELATION TO U.S. DOLLAR—MEASURES TO ASSIST EXPORTERS

Hon. George Hees (Prince Edward-Hastings): Mr. Speaker, I have a question for the Minister of Finance, but first I should like to welcome him back to the House after his important trip to Europe. In view of the fact that the Canadian dollar has now risen to $1.017 U.S., and gives every indication of continuing to rise and making it increasingly difficult to provide a satisfactory Canadian export picture, is the government planning to introduce any measures in the near future to aid our exporters to overcome the very serious situation they are facing in increasing degree day by day?

• (1410)

Hon. John N. Turner (Minister of Finance): Mr. Speaker, the government has already introduced some stimulus through the budget of May 8 by way of accelerated depreciation and a substantial reduction in corporate tax for manufacturers and processors, which I think will go a long way to compensating for any international disadvantages they may suffer.

Mr. Hees: Is it the view of the government that measures which will not become effective for more than seven months will be effective in helping exporters who are facing this very serious problem right now in an increasing degree day by day?

Mr. Turner (Ottawa-Carleton): Yes, Mr. Speaker, it is our view that they will be of immense help. To begin with, the accelerated depreciation was immediately effective as of May 8, and the reduction in corporate tax for processors and manufacturers will allow those industries to plan on the basis of that measure.

Mr. Hees: As Canadian manufacturers seem singularly reluctant to indicate how they are going to spend the tax reduction they will receive seven months from now, or to give any indication that they will carry out the plans that the Minister of Finance expressed for them in his budget, can the minister indicate to the House now what effect these plans are expected to have when they do become effective—

Mr. Speaker: Order, please.

Mr. Hees: —or how effective they will become in the next seven months?

Inquiries of the Ministry

Mr. Speaker: Order, please. The second supplementary asked by the hon. member is, of course, a very important question, but I would think it is rather broad in scope and would invite a statement which ought normally to be made on motions or during the budget debate.

INQUIRY AS TO EXTENSION OF ACCELERATED DEPRECIATION TO FARMERS

Mr. A. P. Gleave (Saskatoon-Biggar): As a supplementary question, Mr. Speaker, may I ask the Minister of Finance whether he is going to extend the provision for accelerated depreciation to primary producers of farm products, more specifically grain, since they are being equally hurt?

Hon. John N. Turner (Minister of Finance): Mr. Speaker, the answer to that question will have to await publication of the regulations pursuant to the bill that will be introduced.

Mr. Gleave: Did I understand the minister to say that this depends on the promulgation of the regulations? Has the policy not been decided?

Mr. Turner (Ottawa-Carleton): The policy is decided; the hon. member will have to await the publication of the regulations.

[*Translation*]

POSSIBLE AGREEMENT WITH UNITED STATES RESPECTING ACCEPTANCE OF CANADIAN DOLLAR

Mr. Speaker: Is the hon. member for Témiscamingue rising for a supplementary?

Mr. Réal Caouette (Témiscamingue): Yes, Mr. Speaker.

In view of the number of agreements to be entered into with the United States concerning agriculture and other subjects, and of the fact that I am just back from the United States, could the minister—

An hon. Member: Welcome to Canada!

Mr. Caouette: I went into a health clinic, for the information of my colleagues.

I notice, Mr. Speaker, that the American dollar is accepted without question in Canada. Could an agreement be entered into with the United States government whereby the Canadian dollar would receive the same treatment in the United States?

Hon. John N. Turner (Minister of Finance): Mr. Speaker, I believe acceptance of the dollar, American or Canadian, depends on the reactions of shop keepers.

[Mr. Hees.]

[*English*]

TRADE

UNITED STATES DISC PROGRAM—REQUEST FOR LIST OF AMERICAN COMPANIES MAKING USE THEREOF

Mr. David Lewis (York South): Mr. Speaker, I wish to put to the Minister of Industry, Trade and Commerce a question I have asked once or twice before which he has not yet answered. Is the minister now in a position to inform parliament and the Canadian people of the names of the number of firms in the United States that have registered for DISC and are carrying on business under that scheme now or propose to do so?

Hon. Jean-Luc Pepin (Minister of Industry, Trade and Commerce): Mr. Speaker, my answer is the same as on the previous occasion. I have a number of names of United States companies which have decided to use the DISC facility. As to some of them I have firm information because the Canadian subsidiary has informed us; in other cases it is hearsay based on articles read in newspapers. There is no scientific character at all to the list I have and consequently I will not provide the list that I have now.

Mr. Lewis: Is the minister in a position to inform the House whether the number is the same as he mentioned during a speech some weeks ago, less than 1,500, I believe? Has the number remained the same or does he know whether it has increased to any extent?

Mr. Pepin: Mr. Speaker, I have not been informed of any addition to the previous number but I will check.

Mr. Lewis: In view of the fact that this is a very important matter for Canada—I am sure the minister shares that view—can he inform the House whether he has made official requests of the United States authorities to make such a list available at least with respect to those corporations that have subsidiaries in Canada, and if he has made such a request what has the answer been?

Mr. Pepin: Mr. Speaker, some unofficial moves have been made to obtain these names and have not been successful.

Mr. Lewis: Mr. Speaker, I have a further, very short, supplementary. I knew there had been unofficial moves taken because that was suggested to us on previous occasions. I am asking the minister whether he is ready now to make a formal request for that list so that Canadians will know exactly what firms in Canada are likely to be affected, or is he still of the view that he does not wish to make such a formal request?

Mr. Pepin: Mr. Speaker, my parents have taught me it is not wise to ask for something you are not sure of receiving. I have already indicated to the House on two or three occasions that we were looking at ways and means by which we could obtain the information on DISC users from the customs import applications.

FINANCE

INTEREST RATES—SUGGESTED CONSULTATION WITH CHARTERED BANKS TO PREVENT INCREASE

Mr. J. P. Nowlan (Annapolis Valley): Mr. Speaker, I have a question for the Minister of Finance which is related to one asked by my colleague earlier in regard to the pressure on the Canadian dollar. In view of the upward pressure on interest rates in this country, is the minister having consultations with the presidents of the chartered banks to ensure that the interest rate structure will not also go up?

Hon. John N. Turner (Minister of Finance): Mr. Speaker, I stay in touch with the chartered banks and will be meeting with the Canadian Bankers' Association in Winnipeg next week.

Mr. Nowlan: I am glad that the minister is to meet with these important gentlemen next week, but is he going to put forward any proposals or propositions to them so that we do not have an increase in the interest rate structure which is already too high?

Mr. Turner (Ottawa-Carleton): Mr. Speaker, I will be discussing the underlying situation with the banking association.

LOWERING OF INTEREST RATES AS MEANS OF REDUCING PRESSURE ON CANADIAN DOLLAR

Mr. Doug Rowland (Selkirk): Mr. Speaker, I have a supplementary question for the Minister of Finance. In his conversations with the bankers next week will he be presenting any suggestions to them on behalf of the government for the lowering of interest rates as another means of reducing pressure on the Canadian dollar?

Hon. John N. Turner (Minister of Finance): Mr. Speaker, I think the banking association understands that proposition.

An hon. Member: Do you?

DIFFERENCE IN BANK INTEREST RATES ON LOANS

Mr. Eldon M. Woolliams (Calgary North): I have a supplementary question for the Minister of Finance. When he is having conversations with the presidents or officials of the various banks would he discuss with them why certain people can get loans at the prime rate, probably 7½ per cent, when the majority of people in the lower income bracket have to pay 12 per cent and sometimes 14 per cent?

• (1420)

POLLUTION

REPORTED REOPENING OF SUGAR BEET REFINERY ON PRESQUILE RIVER

Hon. Hugh John Flemming (Carleton-Charlotte): Mr. Speaker, my question is for the Minister of the Environment. Has the minister's attention been directed to the report that a sugar beet refinery in the state of Maine, located on the Presquile River, a tributary of the Saint John, is to start up again. I might say that this is the industry that was responsible for the pollution of the Presquile River some years ago that caused a tremendous amount of hardship for people in that particular locality.

Hon. Jack Davis (Minister of the Environment): Mr. Speaker, the answer is yes, and we are expressing our concern about it.

* * *

GOVERNMENT PROPERTY

REQUEST THAT JERICHO NATIONAL DEFENCE LAND BE LEASED TO VANCOUVER FOR PARK

Mrs. Grace MacInnis (Vancouver-Kingsway): Mr. Speaker, I have a question for the Minister of National Defence. As the taxpayers have already paid for the Jericho base land which Vancouver needs so badly for an ocean-side park, will the government, instead of squeezing Vancouver for nearly $1 million, lease it—

Mr. Speaker: Order, please. The hon. member knows that a question cannot be asked in those terms. The hon. member has to ask a question and not present argument.

Mrs. MacInnis: Mr. Speaker, I was using the minister's own words for greater accuracy. Will the government lease this land to the city, as it did with Stanley Park, and once more earn the undying gratitude of the citizens of Vancouver and visitors from across Canada and beyond?

Mr. Speaker: Order, please. I suggest to the hon. member that the question in those terms is out of order. The hon. member is making a suggestion or representation to the minister.

Mrs. MacInnis: Mr. Speaker, may I phrase it again?

Mr. Speaker: Order, please. I suggest to hon. members again that they ought to phrase their original questions in accordance with the rules. It takes time to ask a question that is not in order and then rephrase it so that it is acceptable procedurally. Hon. members should have only one chance, not two. However, considering many things, I will recognize the hon. member and permit her to rephrase the question.

Mrs. MacInnis: I trust, Mr. Speaker, that you will consider that I am not the only transgressor. However, I appreciate your ruling. Will the government give consideration to leasing the Jericho park lands to the city of Vancouver instead of selling them?

Inquiries of the Ministry

Hon. E. J. Benson (Minister of National Defence): Mr. Speaker, an arrangement was made with the city of Vancouver whereby 78 acres of waterfront land was transferred to the city, for the sum of $1. Part of that deal was that the remaining property be sold. I have indicated to representatives of the city of Vancouver that if they wish to talk about the whole deal again I will be pleased to meet them and discuss it.

Mrs. MacInnis: Is the figure of nearly $1 million that the government has set the rock-bottom price for the property—

Some hon. Members: Oh, oh!

Mrs. MacInnis: —and can the minister assure us that, pending Vancouver raising the necessary money, the property will not be sold to private developers?

Mr. Benson: Mr. Speaker, I have indicated that we are not going to sell the property presently to private developers. I have not indicated a price or been asked for a price for the whole property. I have simply said to the representatives from Vancouver who were here that I would be glad, if they do not want the original bargain, to meet them and change the whole deal.

* * *

[*Translation*]

FISHERIES

CLOSING OF SALMON FISHING IN GASPÉ—INQUIRY RESPECTING AGREEMENT WITH QUEBEC

Mr. Alexandre Cyr (Gaspé): Mr. Speaker, I should like to put a question to the Minister of Fisheries.

Can he tell the House whether he has reached an agreement with the province of Quebec with regard to the banning of commercial salmon fishing in Gaspé and part of the north shore comparable with the one now in effect in the Maritimes?

[*English*]

Hon. Jack Davis (Minister of Fisheries): Mr. Speaker, I have had a discussion with the Minister of Tourism, Fisheries and Game of the province of Quebec and I understand that the province will be instituting a ban on the commercial salmon fishery and that a similar program of compensation will be available to the commercial fishermen in that province.

[*Translation*]

CLOSING OF SALMON FISHING IN GASPÉ—ARRANGEMENTS FOR PAYMENT OF COMPENSATION

Mr. Alexandre Cyr (Gaspé): A supplementary, Mr. Speaker.

Will the compensation the minister speaks of be paid Gaspé fishermen by the federal government or by the government of the province of Quebec?

[*English*]

Hon. Jack Davis (Minister of Fisheries): Mr. Speaker, as the fisheries in that province are administered by the province of Quebec, a financial arrangement will have to be reached between the provincial and federal governments in this connection.

ATLANTIC SALMON—INQUIRY AS TO AGREEMENT WITH DENMARK RESPECTING ITS HIGH SEAS FISHING OPERATIONS

Mr. John Lundrigan (Gander-Twillingate): I have a supplementary question, Mr. Speaker. Now that the Minister of Fisheries has reached agreement with the province of Quebec, can he tell us whether any agreement has been reached with Denmark as a result of the meetings now being held in Washington.

Hon. Jack Davis (Minister of Fisheries): Mr. Speaker, as the hon. member knows, a meeting of nations concerned with fisheries in the North Atlantic is under way this week, and I do not expect that a final resolution of that problem will be reached before Friday.

* * *

NATIONAL SECURITY

ALLEGED SUBVERSIVE ACTIVITIES—SUGGESTED MEETING BETWEEN MEMBER FOR TRINITY AND PRIVY COUNCILLORS TO CONSIDER INFORMATION AND ACTION

Mr. David MacDonald (Egmont): Mr. Speaker, my question is for the Prime Minister and is in connection with the recent charges and allegations made by the former deputy prime minister, the hon. member for Trinity. I am wondering whether the Prime Minister is giving consideration to establishing a committee made up of Privy Councillors of the present Parliament to meet with the hon. member for Trinity and consider the information he may have to present, and then indicate to the House any recommendations or actions the government is prepared to take?

Right Hon. P. E. Trudeau (Prime Minister): No, Mr. Speaker, I have not considered that eventuality. I am sure that some members of the House might want to meet with the hon. member for Trinity to discuss this subject with him, but I see no cause to do so. Some of his allegations are apparently based on some things he got from cabinet. These communications are certainly privileged and under oath of secrecy.

Mr. MacDonald (Egmont): In view of the seriousness of his statements and, as the Prime Minister just indicated, there is the matter of his oath as a Privy Councillor, will the Prime Minister give consideration to a meeting of Privy Councillors who are members of this House in order that this form of non-partisan committee might give adequate consideration to these serious charges?

Mr. Trudeau: Mr. Speaker, at least once a week in cabinet there is a meeting of Privy Councillors who want to discuss matters relating to the government. As for Privy Councillors sitting on the other side, I might add that when the royal commission report came out in its original form I offered the Leader of the Opposition the opportunity to read it under his oath as a Privy Councillor, and

for reasons which I respect he preferred not to read it. However, I think this is as far as we can go in communicating the original version. As the Solicitor General pointed out to the House, a slightly abridged version was approved by the commissioners as containing all the essence of the main report.

Mr. MacDonald (Egmont): Since much of the work of the Royal Commission on Security was done prior to the time the hon. member for Trinity suggested some of these actions may have taken place, and in view of the public concern and the importance of having any difficult situation like this clarified, will the Prime Minister give consideration to a meeting of Privy Councillors who are members of the House in order to clear the air once and for all on all these matters?

Mr. Trudeau: Mr. Speaker, it seems to me that I answered this question the two previous times it was asked by the hon. member today. He might want to consider getting together a group of Members of Parliament from the broadcasting committee, who studied one of the matters discussed by the hon. member for Trinity. I believe the hon. member for Trinity suggests that this committee whitewashed the whole proceedings. Perhaps the hon. member opposite might want to look into this matter. He is a Member of Parliament.

Mr. MacDonald (Egmont): A further supplementary—

Mr. Speaker: Order, please. The hon. member has asked three questions. He will be recognized for one further supplementary. The Chair is still waiting for an opportunity to recognize a member from the group to my extreme left. They have not yet had a chance to ask a question.

Mr. MacDonald (Egmont): Mr. Speaker, I apologize to the Chair and the House for raising these supplementaries. I do so simply for clarification. I wonder whether the Prime Minister does not see a difference between those who have taken the Privy Council oath of office and those who sit as Members of Parliament in the House?

Mr. Speaker: Order, please. That is not a supplementary question. That is debate.

* * *

[*Translation*]

MANPOWER

LOCAL INITIATIVES PROGRAM—SUGGESTED EXTENSION OF DEADLINE TO ENABLE COMPLETION OF CERTAIN PROJECTS

Mr. Adrien Lambert (Bellechasse): Mr. Speaker, I should like to direct a question to the Minister of Manpower and Immigration.

Since tomorrow is the deadline for local initiative projects which were denied any extension, may I ask the minister if to date a decision has yet to be taken about local initiative projects which could be granted an extension?

Inquiries of the Ministry

[*English*]

Hon. Bryce Mackasey (Minister of Manpower and Immigration): Mr. Speaker, I have already announced that projects that are municipally sponsored can be extended beyond tomorrow's date under the local initiatives program because of the fact that in some instances climatic conditions played a part in delaying the beginning of projects. We have had little or no demand for extension of privately sponsored projects. We have placed at the disposal of some of the projects that are in existence some $30 million more so that approximately 1,200 local initiative projects will be continued beyond tomorrow's date until September.

LOCAL INITIATIVES PROGRAM—INCLUSION OF INDIAN BAND PROJECTS IN EXTENSION OF DEADLINE FOR COMPLETION

Mr. Frank Howard (Skeena): Mr. Speaker, I should like to ask the minister a supplementary question. Does he include within the designation of municipally sponsored projects those that are sponsored by Indian band groups as well, and will they have the benefit of the extension?

• (1430)

Hon. Bryce Mackasey (Minister of Manpower and Immigration): I cannot say categorically, but I would hope so because I believe these local programs sponsored by Indian bands have been a very welcome initiative this winter. If a firm decision has not been reached on this issue, I would personally be inclined to consider them as municipally sponsored.

* * *

FINANCE

EXTENSION OF FORGIVENESS PERIOD UNDER FEDERAL-PROVINCIAL EMPLOYMENT LOAN PROGRAM

Mr. R. Gordon L. Fairweather (Fundy-Royal): Mr. Speaker, I have a question for the Minister of Finance in connection with a related program. Is consideration being given to an extension of the federal-provincial loan forgiveness program for the same reasons inasmuch as many such requests have been made?

Hon. John N. Turner (Minister of Finance): Mr. Speaker, the government will ask Parliament for the authority to extend to June 30 the period during which it contributes 75 per cent of the wage and salary costs of projects financed under the federal-provincial employment loans program. Bad weather, labour disputes and other unavoidable factors have made it difficult for provinces and municipalities to complete projects in time to qualify for the full $35 million of loan forgiveness allocated under the $160 million dollar loan program announced last October.

Inquiries of the Ministry

CANADIAN NATIONAL RAILWAYS

ALLEGED DOWNGRADING OF PASSENGER SERVICE—REQUEST FOR INVESTIGATION BY TRANSPORT COMMISSION

Mr. W. B. Nesbitt (Oxford): Mr. Speaker, I have a question for the Minister of Transport, but in his absence I will direct it to the acting minister. Incidentally, the minister was supposed to be here today. In view of the accusation made by the London, Ontario, and District Railway Workers Council that Canadian National Railways has embarked on a deliberate plan to discourage people from using passenger trains by providing terrible service, will the minister request the Canadian Transport Commission to investigate this charge immediately?

Hon. James Richardson (Minister of Supply and Services): Mr. Speaker, the Minister of Transport is away from the House on government business. I will see that the hon. member's question is brought to his attention.

* * *

POST OFFICE

CONTRACT NEGOTIATIONS WITH UNIONS—ACTION TO EASE TENSION IN LIGHT OF REJECTION OF REGIONAL PAY SCALES AND POSSIBLE STRIKE VOTE

Hon. W. G. Dinsdale (Brandon-Souris): Mr. Speaker, my question is for the President of the Treasury Board. Now that the Toronto local of the Letter Carriers Union has publicly rejected the government's offer in the long drawn-out negotiations for a new contract, particularly the proposal for regional pay scales, and has also recommended the holding of a national strike vote, may I ask what action the government has taken to ease the growing tension?

Hon. C. M. Drury (President of the Treasury Board): The easy answer is that we are continuing to negotiate. I think the hon. member will understand that the publicly-announced action of one of the locals of the Council of Postal Unions does not necessarily govern the entire council.

Mr. Dinsdale: Has the government now decided to draw upon the expertise available in the Department of Labour and appoint a special skilled negotiator?

Mr. Drury: The answer, Mr. Speaker, is no.

* * *

PUBLIC SERVICE

GOVERNMENT REGIONAL RATES OF PAY POLICY—CONSIDERATION BY PARLIAMENT

Mr. David Orlikow (Winnipeg North): I should like to ask the President of the Treasury Board whether it is now government policy to shift wage payments from national to regional rates, not just in the Post Office but in the operational categories of employees and possibly later in the administrative categories?

[Mr. Turner (Ottawa-Carleton).]

Hon. C. M. Drury (President of the Treasury Board): This is the direction in which the federal government in any event has been moving for some years. The proposal made to the postal workers is one small further step along this particular road.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, may I ask the President of the Treasury Board a supplementary question. In view of the serious implications of this shift in policy, will the government consider bringing the matter before Parliament to ascertain whether Parliament approves of the shift from a national to a regional rate structure?

Mr. Drury: Probably the most effective mechanism for examining this subject in Parliament would be to use one of the supply or opposition days for the purpose. I repeat that this is not a shift in policy; it is merely the continuation of a policy which has been in operation for some years.

GOVERNMENT REGIONAL RATES OF PAY POLICY—POSSIBLE IMPEDIMENT TO SETTLEMENT OF NEGOTIATIONS

Mr. Mark Rose (Fraser Valley West): I should like to ask the President of the Treasury Board whether this move to establish pay rates on a national as opposed to a regional basis, particularly in the Post Office and the operational groups in the public service, is the major impediment to the settlement of negotiations?

Hon. C. M. Drury (President of the Treasury Board): I am not sure which negotiations the hon. member has in mind. In any case it is difficult to indicate unilaterally what is the major stumbling block in the way of agreement, if indeed there be any.

Mr. Speaker: The Chair will recognize the hon. member for Fraser Valley West for a last supplementary on this subject. I owe it to hon. members to bring to their attention that there are quite a few members who are seeking to be recognized before the end of the question period. Obviously a number of them will be disappointed, so we should try to limit supplementaries.

Mr. Rose: I recognize the difficulty caused by the general nature of my question. I should therefore like to refer specifically to the operational groups in the public service, for instance, stationary engineers and firemen. Is the issue of regional versus national pay rates the major impediment to agreement at the moment?

Mr. Drury: In some instances, although this is rather difficult to measure from time to time, the question of regional rates of pay appears to be of major concern. In others it is the general level of pay and related regional rates.

FOREST FIRES

SUGGESTED PROVISION OF AIRCRAFT BY DEPARTMENT OF NATIONAL DEFENCE TO COMBAT OUTBREAKS

Mr. Maurice Foster (Algoma): Mr. Speaker, my question is directed to the Minister of National Defence. Bearing in mind the serious forest fire situation in many parts of Canada, particularly in northern Ontario, is the Department of National Defence considering the establishment of a fleet of firefighting aircraft to act as a standby force to assist provincial and territorial governments in emergency forest fire situations?

Hon. E. J. Benson (Minister of National Defence): No, Mr. Speaker. However, the department does stand ready to aid provinces in fighting forest fires when called upon to do so, though the responsibility is basically that of the province, within its provincial boundaries.

* * *

FINANCE

PROVISION OF INFORMATION BY PROVINCES ON PLANNED BORROWINGS IN UNITED STATES TO ENABLE ACTION TO COMPENSATE FOR EFFECT ON DOLLAR

Hon. J. A. MacLean (Malpeque): Mr. Speaker, I should like to pose a question to the Minister of Finance. Has he invited the provincial governments to give him information in advance concerning their plans to float large loans in the United States so that his department may take action to compensate for the effect of loans on the exchange rate of the Canadian dollar?

Hon. John N. Turner (Minister of Finance): I have said to the House before that I reiterated the request of my predecessor that provincial governments should, where possible, use the Canadian capital market to accommodate their financial requirements. I might say that most of the provinces are keeping in touch with me. Whether or not the federal government can take compensatory action to balance provincial borrowings is hypothetical. It is a question which is under continuing review.

* * *

NATIONAL SECURITY

ALLEGED SUBVERSIVE ACTIVITIES—SUPPLYING OF INFORMATION TO SECURITY GROUP—OATH OF OFFICE OF MEMBER FOR TRINITY

Mr. Eldon M. Woolliams (Calgary North): Mr. Speaker, I should like to ask the Prime Minister a question arising out of questions addressed to him earlier by my hon. friend from Egmont. In light of his answers today, and since the statement made by the hon. member for Trinity was based on facts gathered inside or outside the cabinet, may I ask whether the security planning group, the new group which was set up by the Solicitor General to act as a liaison body between the government and the RCMP, has been informed of the information in possession of the hon. member for Trinity? Second, does the Prime Minister take the position that his hon. friend from Trinity has broken his oath of office?

Right Hon. P. E. Trudeau (Prime Minister): Perhaps the Solicitor General can answer the first part of the question. The second part of the question could, I suppose, be answered by anyone as well as myself, including the hon. member for Calgary North.

Mr. Woolliams: With the greatest respect to the Prime Minister, he is the head of the government; he sits in cabinet and I do not.

Some hon. Members: Oh, oh!

Mr. Woolliams: Hon. members over there can yell and shout if they want to. Let them go ahead. Bring on the chorus. I think the only man who can answer my question properly is the Prime Minister. I ask him now: does he take the position that the former deputy prime minister of this country, a former member of his government, broke his oath of office?

Mr. Trudeau: The hon. member is really asking me for a legal opinion. I would not find it proper under the rules to give that opinion. Second, I could not answer, even if I wished to do so, because I do not know exactly what the hon. member said. I have not read or heard exactly what he said. Perhaps the hon. member knows.

Mr. Woolliams: Since the Prime Minister invited me to pass the first part of my question to the Solicitor General, I should like to put that question to the Solicitor General. Has the group that he set up, this new security planning group that we have never been able to find out about, been informed of the information the hon. member for Trinity alleges he has with reference to danger to the security of Canada?

• (1440)

[*Translation*]

Hon. Jean-Pierre Goyer (Solicitor General): Mr. Speaker, we do not know any more than what has been reported in the papers.

* * *

INDUSTRY

UTEX CORPORATION—INQUIRY RESPECTING STUDY OF EFFECTS OF TEXTILE IMPORTS FROM ROUMANIA ON EMPLOYMENT LEVEL IN VICTORIAVILLE

Mr. André Fortin (Lotbinière): Mr. Speaker, I should like to put a question to the Minister of Industry, Trade and Commerce.

Can he say whether his department has made a study of the effects of the import of textile products from Roumania on the maintenance of the employment level within the UTEX Corporation at Victoriaville? If so, does he intend to publish the findings of this study?

Hon. Jean-Luc Pepin (Minister of Industry, Trade and Commerce): Mr. Speaker, of course we watch the import of textile products as we do any others.

Inquiries of the Ministry

I shall find out whether a particular study is being made concerning the effects of imports from Roumania on the firm that the hon. member has referred to.

* * *

[*English*]

INQUIRY OF THE MINISTRY

Mr. Bill Knight (Assiniboia): Mr. Speaker, I have a question for the Prime Minister. In view of the fact that the government has announced it is going to get involved in the business of supplying the railways with hopper cars, would the Prime Minister inform the House whether or not this is the first of a series of steps toward nationalizing the Canadian Pacific Railway?

Mr. Speaker: Order, please.

* * *

CANADA LABOUR CODE

CONSULTATION BETWEEN FISHERIES AND LABOUR DEPARTMENT OFFICIALS ON CONSTITUTIONALITY OF AMENDMENTS AFFECTING FISHERIES

Mr. Lloyd R. Crouse (South Shore): Mr. Speaker, I wish to direct my question to the Minister of Fisheries. Has there been any consultation between officials of the fisheries service and the Department of Labour concerning the effects of Bill C-183 on the fishing industry? If so, are there any plans to clear up the constitutional aspect of this bill before it is enacted into law?

Hon. Jack Davis (Minister of Fisheries): Mr. Speaker, this bill, as the hon. member knows, is a matter primarily for the Department of Labour. However, there has been consultation between officials of the Department of Fisheries and the Department of Labour with respect to this subject.

* * *

ELECTION EXPENSES BILL

RESPONSE TO CRITICISM OF PROPOSED NEWS BLACKOUT

Mr. Thomas M. Bell (Saint John-Lancaster): Mr. Speaker, I have a question for the Prime Minister. In view of the bluntly worded criticism by the Canadian managing editors conference in New Brunswick last week concerning the news blackout envisaged by the new legislation on election expenses, would the Prime Minister say what his reaction is to the resolution sent to him and the nature of his reply?

Mr. Speaker: Order, please. The hon. member knows that a question asked in those terms is not in order. The hon. member is asking the Prime Minister to indicate what his reaction is to a resolution or communication. A question in those terms, to my way of thinking in any event, is not quite in order.

[Mr. Pepin.]

Mr. Bell: Mr. Speaker, this is a very eminent body. Many members of the press gallery were present at that meeting. May I ask the Prime Minister whether a copy of this resolution was received and what was the nature of the reply?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I cannot say whether it has been received among the many pieces of mail that I get. I have received something from the Committee for an Independent Canada that the hon. member might want to question me about. I may have received the item the hon. member refers to, and I am sure that if I did it was acknowledged by my office. As to the answer that we would give, the minister will state it on behalf of the government when the debate continues in the House, and I hope at that time the hon. member will state his position on this so-called news blackout.

* * *

FINANCE

ALLEGED MISUSE OF FUNDS PROVIDED UNDER LOCAL INITIATIVES AND OPPORTUNITIES FOR YOUTH PROGRAMS—STEPS TO TIGHTEN BOOKKEEPING CONTROLS

Mr. William Skoreyko (Edmonton East): Mr. Speaker, I have a question for the Prime Minister. In view of reports that some government funds made available through the local initiatives and the opportunities for youth programs have not been properly used as designated, can the Prime Minister say whether steps are being taken by the government to tighten bookkeeping controls over these grants?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, the ministers responsible have indicated at various stages the review process and the ongoing examination that is in hand. They have stated that if members have complaints about particular projects that allegedly are misusing funds they will gladly look into the matter.

Mr. Skoreyko: Is it the intention of the government to recover any moneys that have been mis-spent or not used in accordance with the original intent of the grant?

Mr. Trudeau: Mr. Speaker, I really cannot answer a hypothetical question. If the hon. member has a concrete case I will certainly attempt to determine the answer.

* * *

POLLUTION

PULP AND PAPER MILL EFFLUENTS—REQUEST FOR NAMES OF OFFENDING COMPANIES

Mr. Frank Howard (Skeena): Mr. Speaker, I should like to ask the Minister of the Environment a question. On Friday last, I believe, the minister stated in response to other questions of mine that in my constituency there was a very bad offender in the field of pulp mill pollution. Would the minister be prepared to indicate the names of the pulp mills in Canada that are considered by his department to be very bad offenders?

Mr. Speaker: Order, please. That question ought to be placed on the order paper, unless the hon. member is asking the minister whether he is prepared to do this. Of course the information should not be given at this time.

Mr. Howard (Skeena): Yes, Mr. Speaker, that was my intention.

Hon. Jack Davis (Minister of the Environment): Yes, Mr. Speaker, I would be prepared to comply with that request.

Mr. Howard (Skeena): May I ask the minister when he will be able to provide this information?

Mr. Davis: Shortly. Most existing pulp mills offend our regulations.

Mr. Howard (Skeena): Could the minister indicate at the same time the stage of negotiations between his department and each of the pulp mills in regard to application of the pulp and paper mill effluent regulations?

Mr. Davis: Mr. Speaker, this would complicate the answer. Frequently the negotiation is carried on with the knowledge or aid of the province concerned, and it would take some time to compile all of the information.

* * *

EXTERNAL AFFAIRS

UNCTAD MEETING—REQUEST FOR TABLING OF RESOLUTIONS OPPOSED BY CANADA AND FOR STATEMENT ON CANADIAN ROLE

Mr. Heath Macquarrie (Hillsborough): Mr. Speaker, since the Secretary of State for External Affairs is absent on important government business, may I ask his parliamentary secretary whether the hon. gentleman would undertake to have tabled in the House the UNCTAD resolutions which were so consistently opposed by the Canadian delegation at the conference at Santiago, Chile, and would he also undertake to make a statement shortly to the House concerning Canada's role at this conference which has earned so much criticism?

[*Translation*]

Mr. Gaston Isabelle (Parliamentary Secretary to Secretary of State for External Affairs): Mr. Speaker, I shall take that question as notice.

* * *

[*English*]

PENITENTIARIES

SUSPENSION OF REGULATION MAKING INMATES FINANCIALLY RESPONSIBLE FOR WILFUL DAMAGE TO PROPERTY

Mr. A. D. Alkenbrack (Frontenac-Lennox and Addington): Mr. Speaker, my question is for the Solicitor General and it deals with a matter I asked the minister about on May 16 concerning deduction of amounts of damages done by inmates to prison property from the salaries of prisoners in federal institutions. On May 20 the regulation holding prisoners financially responsible for wilful damage to prison property was suspended. Would the minister tell the House who authorized that directive?

Mr. Speaker: Order, please. This question ought to be placed on the order paper or discussed at the time of adjournment.

Mr. Alkenbrack: Ten o'clock.

* * *

NATIONAL DEFENCE

INQUIRY AS TO INSTITUTION OF REGIONAL RATES OF PAY FOR MEMBERS OF ARMED FORCES

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, may I direct a question to the Minister of National Defence. In view of the statement made by the President of the Treasury Board regarding the extension of the principle of regional rates of pay, may I ask the minister whether it is intended to institute regional rates of pay in the Canadian Armed Forces, or will the minister undertake that this will not happen?

Hon. E. J. Benson (Minister of National Defence): Mr. Speaker, I think it is safe to undertake that it will not happen. Members of the armed forces often serve in many areas of Canada within the same year.

* * *

LABOUR RELATIONS

LONGSHOREMEN'S STRIKE—WORK STOPPAGE DURING LIFE OF COLLECTIVE AGREEMENT—INQUIRY AS TO ACTION

Mr. Lincoln M. Alexander (Hamilton West): Mr. Speaker, I should like to direct my question to the Minister of Labour but since he is absent, perhaps in Montreal, I will address it to the acting minister. In view of the move in Montreal today that suspended the jobs of 3,200 longshoremen in Quebec City, Montreal and Trois-Rivières, men who have been involved in an illegal strike for the last two or three weeks, is it the intention of the government to take action immediately under section 19 of the Canada Labour Code which specifically prohibits work stoppages during the life of collective agreements? May I remind the minister that the present bill we are working on—

Mr. Speaker: Order, please. The hon. member can ask questions but cannot convey reminders to the minister. The minister has the floor for the purpose of answering the question.

Hon. Bryce Mackasey (Acting Minister of Labour): Mr. Speaker, I am aware of what has happened in Montreal, namely, the suspension of a large number of longshoremen; the hon. member said 3,200. I can understand the suspension since there is a collective agreement and the men refused to report to work. The collective agreement is a very complex one because of a security clause. I think the employers had little alternative but to take the action they have taken. I believe it would be in the best interests

of the men to sit down and negotiate according to the laws of the land.

Mr. Alexander: The minister did not answer my question, perhaps for reasons best known to himself. In view of the fact that Canadian consignees will have to foot the extra charges on goods that are forced to go through the United States, is the government aware of this situation and is it planning to alleviate the financial hardship that will occur if the government does not step in under the Canada Labour Code, which prohibits strikes during the term or life of a collective agreement?

Mr. Forrestall: Send them to Halifax.

Mr. Mackasey: Someone mentioned that ships are already on the way to Halifax and Saint John. One man's meat is another man's poison. The main people suffering from this illegal dispute, of course, are the longshoremen, and they should be asking questions of their leaders.

Mr. Speaker: Orders of the day.

• (1450)

GOVERNMENT ORDERS

FOREIGN TAKEOVERS REVIEW ACT

MEASURE TO PROVIDE FOR CONTROL OF FOREIGN OWNERSHIP OF CANADIAN COMPANIES

The House resumed from Monday, May 29 consideration of the motion of Hon. Jean-Luc Pepin that Bill C-201, to provide for the review and assessment of acquisitions of control of Canadian business enterprises by certain persons, be read the second time and referred to the Standing Committee on Finance, Trade and Economic Affairs.

Mr. Speaker: The hon. member for Egmont. Perhaps the conversations, which I am sure are very interesting, might be pursued outside the Chamber or behind the curtains. The hon. member for Egmont has been recognized. It might be difficult to hear him if these conversations continue.

Mr. David MacDonald (Egmont): Mr. Speaker, yesterday the Minister of Industry, Trade and Commerce (Mr. Pepin), as well as other government members, joined in a chorus of apologies for the bill which is before us today. Last night the hon. member for Ontario (Mr. Cafik) took us on a global tour of not only the other provinces and their views, but also other countries and other legislation in this field. When one sees what other countries are doing in the field covered by this legislation, one wonders whether it is fair to say there is no place like home. On the problem of development, particularly in areas of regional economic disparity, it is true we face problems of development not only in economically and socially deprived parts of the country but we know that such development in Canada has been spotty, dominated often by one important economic group or foreign group. Surely, the spotty and somewhat erratic economic development of Canada has occurred because there has never been a coherent set of guidelines for either foreign or domestic investment and development in Canada.

One of the major tragedies, if not the major tragedy, of the legislation we are discussing today is that the bill before us accepts the status quo. It accepts in both complacency and naïveté a situation wherein complete sectors of our economy seem destined to remain in the present state. This is something which I do not believe members of this House, or indeed the Canadian people, should be forced to accept. When we deal with something as difficult and complex as corporate behaviour in a modern and complex society, we know that to some extent the corporate structure is parallel to government. It is parallel with the official levels of government. Particularly, it has the force of government. A corporation which employs most of the men of a town or a community within a province indeed controls and influences the lives of those men far more directly than any local, municipal, provincial or even federal government. Indeed, while governments very often deal with what people cannot do, corporations and employers often determine directly or indirectly what people can do.

So, it is not difficult to see why the entire issue of foreign ownership is such a particularly sensitive one. In many ways, those who speak of examining the directorships of corporations for Canadian representation, those who speak of full disclosure, are talking about examining the workings of corporate governments. Yet, despite the ruffled sentiments that this type of proposal causes, I believe we should be committed to these things because they are in the interests of Canadians. It is important for Canadians that the facts about corporate behaviour be known. The composition of directorates should be a matter of public record so that Canadian participation can be determined. I am disturbed by the fact that most recently the government, through the Minister of Industry, Trade and Commerce, has written off so quickly the importance or usefulness of having increased Canadian participation in the board rooms. It has been suggested that just having Canadians as directors would not substantially alter the situation.

Mr. Pepin: Not necessarily.

Mr. MacDonald (Egmont): Not necessarily; the minister again indicates that today. However, I believe the minister missed the point, just as this bill has missed the point. What really needs to occur in this country, to use the government's own phrase, is further domesticity in the Canadian economy. We are not speaking of a symbolic increase of directorates to some magic number such as 50 per cent or 75 per cent. We are talking about the whole impact of corporate behaviour today on Canadian participation. In purely legal terms, it may well be true that the increase of Canadian directorships would not substantially alter the character of the industry and economic activity in this country. What we are concerned about is the effect the day-by-day decisions of the board have, on a long-term basis, on the activities of all Canadians. We are concerned about the greater usefulness of Canadian managerial skills. We know from some of the studies which have been made that only recently it has been

acknowledged that we had to encourage, through schools of business training and programs of business and commerce, more entrepreneurial skills in this country.

Now, we will know, when we have developed major pools of this talent, that the talent exists and is available for the upper and middle levels of corporate management. I suppose there might be some form of moral suasion if you like for more use by firms in this country, both totally Canadian firms and particularly those which operate as foreign subsidiaries, of Canadian talent in corporation and managerial skills in the economic activity which takes place. While this is accepted in many areas, there is no hint of recognition by the Minister of Industry, Trade and Commerce that this is an important aspect of the problem which requires a solution.

Second, surely there needs to be a facing up to the problems of disclosure. I do not think it can really be argued in detailed terms that corporations, having as they do a tremendous amount of economic and social power, can longer be justified in operating in terms of secret societies. Government cannot for one moment operate as a secret society, although daily we do battle in this House of Commons because of what the government is attempting to do. Surely, if the public believes if it is not in its interest to have a government which operates in secret then it is not in its interest to have large corporations, either wholly domestically owned Canadian corporations or foreign or international corporations, operating in our society in some kind of a secret or medieval manner. There is a sense in which there must be corporate responsibility and accountability. I think, quite frankly, that it is both shocking and an indication of the naïveté of the present government that they have in no way attempted to grapple with this important problem.

• (1500)

Third, we must be able to come to grips with those problems that affect our economy and make decisions. I refer to the whole problem of extra-territoriality. In recent years we have known just how important these kinds of decisions can be, whether with regard to wheat sales made by an earlier government or with regard to the present DISC legislation that is being so badly fumbled by the present government. We know that there must be a firm government program to face this whole problem of extra-territoriality.

I could go on in this vein for some time, indicating the weaknesses, the lack of frank recognition of what the real aspects of the problem are, but I do not plan to spend what little time I have remaining dealing only with the negative aspects of the government's performance. I want to make some positive suggestions which I hope will be seriously considered at some stage. I suppose it would be too much to hope for some response from this administration, but I hope the one that will replace it certainly will be able to adopt many of these suggestions and provide us with a national economic and social policy that has some sense of direction, purpose and rationale to it.

It seems to me that the entire area of corporate citizenship, development and foreign acquisition should be dealt with by something more than the negative form of a screening agency. What is necessary, I believe, is a positively oriented national agency that would involve provincial and federal representatives along with industry, the academic community and citizens. The way in which we have arrived at this debate dealing with this bill, shows us just how ludicrous the present position of the government is. First of all, a task force was established under the Minister of National Revenue (Mr. Gray). It operated in some kind of a milieu that was never very clear to anyone. Occasionally there were dispatches that came during the night watches. Finally, we had the report plus this bill. We were told that some consultation with the provinces took place, but one senses that it was nothing more than a perfunctory round-the-table discussion at a meeting last fall of first ministers or first ministers and finance ministers. We have a government whose concepts are of the ivory tower type, a government of "we alone know best". What I am suggesting is that the time has arrived for the establishment of some national, independent review agency on which there can be the broadest kind of representation.

I think that if we are serious about these problems, and it has been shown now by a number of public opinion polls that the whole question of foreign ownership and economic independence is uppermost in the minds of Canadians from coast to coast, I believe we should establish a national institute on economic independence and development. I think this national institute should be established not by one government solely but by the federal government along with the ten provincial governments. Of course, immediately there will be objections that in that kind of situation you will never get the kind of agreement necessary to establish an agency or an institute that can do a really satisfactory job. It is certain that we have never had any worthwhile action yet from this government in this respect. Further to that, since the government has produced its report and tabled this bill a number of provincial premiers have provided more real leadership on a national basis than this government has yet shown.

If we are seriously going to deal with the question in a federal state—and I sometimes wonder whether or not this government is not terribly inconsistent, at one time hiding behind the constitution and at another completely ignoring it—if we believe that we have a viable, workable federal system in this country, then the whole issue of economic independence must be decided within a federal provincial framework. Therefore, I suggest that such an institute on economic independence and development be established by the federal government and the ten provincial governments, and that this institute have statutory responsibilities related to the review of all proposed legislation in the development field in order to see that this legislation meets what might be called the joint criteria of both development and independence.

Let me say here that I think we do have to take seriously the concern that a number of provincial premiers have registered that any restrictions on foreign investment in this country could have a disastrous effect on their own planning and priorities with regard to development. Quite frankly, I think that some of their statements have been naïve. I think they really have not looked at what has happened within their own provinces with regard to foreign investment. I do not think they have questioned

whether or not it has been effective for them and for the people to whom they are responsible.

I say that the time has come when we must have a co-ordinated policy that looks to the question of development as well as of economic independence. This institute should and could prepare annual reports on the activities of both provincial and federal governments for public examination. It should and could hold regular meetings, hear witnesses, and generally keep the Canadian public informed as to the true nature of the problem and the various alternatives available. It could, once and for all, force governments and the business community to lay all their cards on the table. In addition to that, a research wing could be established that would provide both short and long-range studies on alternative means of development aside from foreign venture capital. This, tied in with governmentally co-ordinated programs working on a continuous basis, would maintain some real co-ordination between the various activities of the federal government.

We have said nothing here about the way in which government departments and agencies are often working at cross purposes with regard to the whole matter of whether or not the investment and economic activity is in the Canadian public interest. There could be some real independent vehicle which could analyse the over-all policies of the federal government, as well as relate those to the various policies of the increasingly powerful provincial governments. It is a well known fact that a number of provincial governments now have such a large budgetary program of their own, are so heavily involved in assisting the establishment and encouragement of the business community in their own provinces that the only kind of policy must be a co-ordinated one. I think that regardless of whether it is this particular kind of national institute on economic independence and development or a similar agency, there has to be a vehicle which will get us beyond the present situation where we have this kind of ad hoc, instant and somewhat peripheral solution to a very serious and major question facing the Canadian people.

It is strange to note that when we get into discussions of the problem of foreign investment and foreign economic control, we almost inevitably put the cart before the horse. Certainly, that is true with respect to this government. The question is not to have a foreign investment policy and then try to relate it to some kind of development or industrial strategy. Surely, what we need in the first instance is some framework for an industrial policy. What we are really talking about here is a consistent pattern of development to which we would relate a whole series of approaches related to foreign investment and control, and not the other way round. In order to have that we have to have a much greater amount of informed discussion on public goals and on the issues at stake. Without that kind of public discussion, the ability to take action in the Canadian interest will be severely limited on the part of both this government and any provincial governments that seek to deal with this issue.

• (1510)

I have very few minutes remaining, Mr. Speaker, but I want to make four or five additional specific suggestions which must be considered when dealing with this over-all question. The recent changes in the income tax bill, C-259, should remove some of the disadvantage to Canadian investors with regard to investing in business activity in their own country, but to my knowledge this bill would not provide the necessary incentive so that we might redirect the activity of Canadian investors. Obviously, what we need is a pattern of investing incentives.

Perhaps the suggestion may have already been made, but I put it forward again, that tax credits be given to individuals—not to corporations—who buy Canadian type equity investments, say up to an amount of $5,000 per person per year. In that way there would be a real built-in incentive to put one's money into the kind of development capital that would allow Canadians to participate directly in the development of their own country.

Second, Mr. Speaker, surely we can give greater attention to the use of pools of money that are collected in both pension funds and insurance funds. There are at present real legislative restrictions—this was acknowledged in the report presented by the Minister of National Revenue (Mr. Gray)—that must be dealt with, and surely this is a simple and obvious step that should be taken now.

Third, Mr. Speaker, and of increasing concern to many Canadians, there are the present limitations on and present direction of banking activity in Canada. Our banking institutions have far too often worked to the disadvantage of the development of the Canadian aspect of our economy. What is needed now is a Canadianization of our banking system. Through our banking system more venture capital needs to be released to Canadians for Canadian enterprise. Again, it was suggested in the report tabled by the minister on May 2, that what we need is really a kind of merchant banking in which there can be some real risk taking. Nowhere else would this be more valuable than to those areas suffering great regional economic disparity. Some attempts have been made, but without tangible effect, to extend banking beyond the "Big Eight". Surely, the time has come for this country, and particularly members of this House, to look closely at what kind of advantages the Bank Act and the regulations at present give to our country.

I wish the minister were still here, Mr. Speaker, to hear my fourth suggestion. I am going to speak about a matter that is under his direct responsibility, and that is the Industrial Development and Research Incentives Act. Surely, this can become a more aggressive instrument working to increase our research capacity. We know the tremendous limitations that are placed on increasing the research and development activity that presently goes on in Canada, but since we have legislation that encompasses some aspect of that field I suggest that we work to make it more responsible, more active, more progressive in its support for research activity in business. And related to that there must be parallel legislation that would provide some tax incentive for the implementation of the results of Canadian research in the manufacturing and service sectors. At the present time, there does not seem to be any acknowledgement of the fact that when Canadian research takes place and there is some real pay-out in terms of manufacturing or service activity, there should be some form of tax incentive.

Fifth, Mr. Speaker, we have to acknowledge the fact that we live in an international business community. It is

not enough just to talk about what we should do, given our own situation. We are in the very difficult situation where we must direct much of our economic activity beyond our own country. We have frankly to acknowledge the degree to which we are efficient and productive, whether it is technology or management that we are talking about. If we are not able to improve our technology and develop more and better entrepreneurial skills, we will simply not measure up in the international marketplace. Excellence and competence must be increasingly recognized within the legislative framework established both federally and provincially.

Having made these remarks, Mr. Speaker, let me say something else, because I believe it is most critical to any action taken by this or any other government. There must be public participation in and support for what occurs. We have seen instances in recent years when governments sprang suddenly, without warning or understanding, into legislative activity or initiatives. The public are more than willing to get deeply involved in these questions, but so far the government has been reluctant to engage the public in this kind of dialogue. It will be impossible to make the kind of decisions that will be important and effective unless there is a public involvement, a public motivation and public commitment. I hope the minister would not spend over-much on this particular piece of legislation when obviously there are some larger and more central legislative initiatives that must be taken.

Mr. Hubert Badanai (Fort William): Mr. Speaker, I am very much interested in this particular bill, which is to provide for the review and assessment of acquisitions of control of Canadian business enterprises by certain persons, because it deals with a question of great concern to areas where foreign capital is needed to establish a business or an industry, and which have little or no appeal to Canadian investors, to provide jobs and improve local conditions. After several months of study the Minister of National Revenue (Mr. Gray) made a statement of policy designed to regulate foreign investment in takeovers of Canadian based enterprises. I was rather pleased that his statement did not take the hard line of the supernationalists. Instead, he brought forth a sensible document of policy which the majority of Canadians can and will support.

I express the hope that the minister entrusted with the administration of the act will use discretion and common sense. I have great faith in the present minister. I do not believe he will jeopardize the good that many companies, with shares held by foreign investors, are doing for the communities in which they are located. But suppose another minister were to lean heavily on the ideas of the so-called Action for an Independent Canada, it would then become very difficult for companies, however successful, to expand their businesses in that their shareholders, though a minority, could be classified, at least technically, as foreigners. Of course, I would shudder to think what could happen if, by a fluke of circumstances, the NDP were to win power and form the government some time in the future. That is a very remote possibility, but nevertheless it would be a disaster.

I am therefore concerned, and very much concerned at the possibility, however distant, that virtually any acquisition, even by a minority interest, in any Canadian business, by a non-resident or by virtually any company, will be subject to the almost unlimited discretion of the Minister of Industry, Trade and Commerce (Mr. Pepin). This thought was very well expressed in an article on foreign ownership policy which appeared in the May 22 issue of the *Financial Times*. On the other hand, I am encouraged to think that after due consideration of all the angles of this very important bill, the final draft of the legislation will allow capital to start new enterprises, or expand existing ones that are foreign-owned or to develop Canadian resources, to continue to enter the country. For those of us who appreciate that this type of investment has stimulated Canada's economy in the past and contributed heavily to the nation's present state of prosperity, this is good news. It will not please those who believe that foreign capital is a threat to our independence.

• (1520)

In the future, Mr. Speaker, Canadians who own enterprises in this country and wish to sell them to Americans will be subject to government scrutiny, and will be permitted to do so if it can be shown to be in the national interest. The policy reflects the expressed views of the new Minister of Finance (Mr. Turner), that given a choice between extreme nationalism as expressed by some members of the Independent Canada Committee and prosperity, Canadians will choose prosperity. Of this, I have not the slightest doubt.

The opposition and the news media expressed impatience, which was not really justified, at the delay in introducing this measure. People will realize that the time spent by the government in reaching these conclusions was time well spent. It remains for Canada to continue to attract foreign investment where it can do the most good and to ensure, in every way we can, that the prime benefits accrue to Canadians in terms of prosperity and jobs. Under the new policy, Canada will continue to offer a hospitable climate for foreign investment. The difference between Canada and so many of the other developed countries is that we have, still, so much left to develop and we can use so much help in doing the job.

It should like to quote from the report of the Minister of National Revenue, which sums up the question in these words:

> Important benefits have been and can continue to be obtained from foreign direct investment. The data comparing the performance of Canadian-controlled firms to foreign-controlled firms indicates that Canadian control of a business is not, in itself, a guarantee of sound performance; and is not, therefore, a satisfactory means of achieving Canada's broad national objectives.
>
> For instance, general legislation providing for 50 or 51 per cent Canadian ownership, either in the economy as a whole or in particular industries, can be very costly to the economy.

Professor Melville Watkins of the NDP said that the remedy for foreign ownership in Canada was a system of complete state socialism. Mr. Watkins faced the issue in his "Waffle Manifesto", but that document was too hot for his own New Democratic Party to handle. What we have, in these new proposals, is a traditional Canadian solution designed to give us maximum benefits at minimum cost. Consideration has been given to the fact that the provinces attach high priority to rapid economic development

and are inclined to feel that Canada will continue to require a substantial volume of foreign investment to achieve this objective. I am referring, particularly, to those provinces which possess large mineral, forest, and energy resources and which have been keen for investment funds. For these provinces, foreign investment means an important source of economic development and jobs.

As an example, Mr. Bourassa, the Premier of Quebec, a strong opponent of economic nationalism, thanked the Canadian government for its prudence in limiting itself to "restrained" controls. He said that his government will not accept further controls in the future which could hamper the inflow of job-creating foreign investment. "We don't want to close the door on any foreign investment which will bring more jobs for more Quebeckers" he said; "We can't afford to refuse."

An economist, Ian MacDonald, offers this answer to the argument that Canada is trading away her independence:

> As long as non-residents are behaving as good corporate citizens, there is no danger . . . If they are not, the government is free to control them. American capital has not come to this country as part of an imperialist plot and Parliament remains sovereign as the appropriate guardian of the public interest should foreign-owned firms behave in a way which threatens Canadian independence or sovereignty.

Briefly, the benefits which have accrued to Canada from foreign investment have given us, first, an inflow of capital without which Canada could not have developed to the present state of economic stability; second, access to the United States managerial skills which have been considerably more developed than those in Canada; third, the benefits of the most advanced United States technological knowledge in fields which Canadians would have required long years of research to develop on their own; and fourth, direct access to the vast United States market for many of our products.

In a special study prepared for the Royal Commission on Canada's Economic Prospects in 1957, Professor Irving Beecher and Professor S. S. Reisman summarized the advantages in this way:

> From the search by foreign investors for profit, Canada has received a supply of capital, enterprising skills, technological know-how, and markets which for magnitude, quality, and stimulus to economic growth, has probably never been surpassed anywhere in the world.

Canadian nationalists have been very active in recent years. Walter Gordon, Mel Watkins, Mel Hurtig, the Committee for an Independent Canada and other spokesmen have made "nationalism" the fashionable wisdom. Mr. Crump, the retiring Chairman of the Canadian Pacific Railway, during the course of an interview recently, said that he has no quarrel with foreign ownership and that money has no nationality.

An hon. Member: Shame; look what the CPR did to this country.

Mr. Badanai: Under the new policy, foreign investment will continue to play that vital role and, notwithstanding Mel Watkins, Walter Gordon, Mel Hurtig and the whole Committee for an Independent Canada, our identity will be as secure as it has ever been. Mr. Alfred Powis, President of Noranda Mines, speaking at the annual meeting of shareholders of the company held on April 28, 1972, had these significant observations to make:

• (1530)

Canadians are quite rightly concerned about how to provide the additional employment needed to accommodate the fastest growing labour force in the industrialized world. Many proponents of an industrial strategy start from the assumption that primary industry cannot provide the level of employment needed and that we must foster more rapid growth in the manufacturing and service sectors.

In its more extreme form, the argument assumes that Canada has a chronic shortage of capital and surplus of labour. It alleges that past national policies designed to stimulate investment, such as tax incentives, have fostered capital intensive industries such as mining at the expense of other sectors of the economy. It is said that these industries pay very little in taxes, and in addition have not only created too little employment but have also resulted in foreign domination of our economy. Therefore, the conclusion is that we need a national industrial strategy which will divert capital from primary industry to the secondary manufacturing and service sectors where many more jobs will be created per unit of investment. To the extent that this reduces or eliminates the growth of such industries as mining, it is said that nothing will be lost in the long run because our resources are vital to the rest of the industrialized world.

Such arguments have a superficial plausibility, and they are being repeated often enough that there is some danger that they are becoming accepted as conventional wisdom, at least in certain influential circles. They are probably the reason why the mining industry fared so badly in the so-called tax reform exercise. In fact, these arguments are dangerous nonsense and, with respect to the mining industry, they are based on official statistics which are fragmented and highly misleading.

Another point to consider is the extent to which the rest of the world really depends on our natural resources. In some circles, there seems to be an assumption that we have a sort of monopoly on natural resources, and that we can hold the rest of the world to ransom for them and use them as bargaining counters in international trade negotiations. As far as mine products are concerned, this is sheer nonsense. Although we are the world's largest producer of nickel and zinc, 80 per cent of the world's known reserves of these metals are outside Canada, and in all other important metals our share of known reserves is considerably smaller. Moreover, the statement that the rest of the world is running short of mineral reserves so that ours will become increasingly valuable is untrue in the case of mine products. Leaving aside the potential for new discoveries on land, there are almost limitless reserves of most metals on the floors of the oceans which are now close to being within technological reach. Clearly, our mineral resources are only an asset if they are found and developed, and if we fail to do this the rest of the world will simply pass us by.

The last point to consider is the question of foreign ownership of the Canadian mining industry. A great deal is made of the figures produced by Statistics Canada which purport to show, for example, that 80 per cent of our smelting and refining capacity is foreign controlled. However, as indicated previously, these figures are fragmented and highly misleading. The fact is that Canadians control 67 per cent of our copper refining capacity, 70 per cent of zinc capacity and 100 per cent of lead capacity. It is only in aluminum and nickel that so-called foreign control is predominant, and this is because Alcan and International Nickel are considered to be foreign companies because somewhat less than half of their shares have been owned in Canada. However, if the trend of increasing Canadian ownership of these two companies continues, a majority of their shares will soon be held in Canada and the statistics will then show that all major sectors of the smelting and refining industry are overwhelmingly controlled in this country. This is not to argue that there is not an important degree of foreign ownership in Canadian mining. There is. But the real point is that there is also a substantial and healthy Canadian component, and its relative importance is growing.

Thus, the arguments raised against continued emphasis on development of our resources simply do not stand up. The best

national industrial strategy is to concentrate on the things we do well, where we have a demonstrated record of international success. This is not to deny the importance of the manufacturing and service industries. We obviously need balanced growth, and this is the direction in which any national strategy should point us. However, unless we stimulate the development of primary industry, we are likely to have no growth at all.

The late Ross Thatcher, former premier of Saskatchewan, argued eloquently for many years against any attempt to halt or reduce the flow of much needed foreign capital for the development of Canadian resources and secondary industry. While members of the NDP, of the waffle group as well as others advocated buying back Canada, and they were making loud noises in the province of Ontario especially, Premier Thatcher was heading to the United States to tell American businessmen that, so far as he was concerned and Saskatchewan was concerned, they were welcome in Canada as good corporate citizens.

Mr. Benjamin: And the people threw him out.

Mr. Badanai: The ultra nationalists and socialists do not like voices of people like the late Ross Thatcher or of the premier of Quebec.

Mr. Benjamin: The people do not, either.

Mr. Badanai: However, those people living in areas where large amounts of capital are needed to provide jobs and improve living standards will be happy. The people of northwestern Ontario, where I come from, need more capital. They do not care where it comes from since it is needed to provide jobs for the people of our province.

Mr. Doug Rowland (Selkirk): Mr. Speaker, although I have the utmost respect for the hon. member for Fort William (Mr. Badanai), the kind of speech which he has just made is the kind which is calculated to give me heartburn. His is the kind of counsel this country has followed since the death of the great nation builders, the last of whom was Laurier. Since then we have followed that kind of cautious philosophy. We have lacked confidence in ourselves as Canadians and in our abilities to develop this nation ourselves. We have followed the hon. member's kind of advice, with the result that, today, our sovereignty and independence are jeopardized. That is what the hon. member's philosophy has brought about in this country, and that is the kind of philosophy this party rejects out of hand. His is the kind of philosophy which makes the simple-minded assumption that we need foreign capital to help to develop this country, that foreign capital was absolutely necessary for the development of this country, and it ignores the possibility that, if we had mobilized our resources as Canadians, foreign capital would not have been needed in this country because we could have achieved exactly the same growth on our own.

I think it is important to take a moment or two to consider why we are undertaking a debate of this sort, and why this kind of legislation is before the House. This legislation is before this House because there is a growing concern on the part of Canadians that our sovereignty and independence, which are necessary to develop Canada according to the particular genius of the Canadian people, stand in jeopardy. Because they stand in jeopardy, our nationhood stands in jeopardy.

• (1540)

We are discussing the idea of foreign ownership because some of us believe that there is a capacity and capability within Canada to develop a unique and highly valuable society, one which can be a model for the world. In attempting to achieve the goal of development in Canada and in assigning goals for ourselves as Canadians in the past we have been very limited. Our goals have been restricted largely to growth and prosperity. In order to achieve those goals, we have sought the aid of others without first examining whether we had the resources ourselves to undertake that kind of development. In seeking the assistance of others, I believe that what we have done has been to actually reduce our capacity to achieve the greatness which is the potential of Canada.

In line with that statement, I would like to draw to the attention of the House some words of a Canadian historian of considerable worth, Professor Donald Creighton. Writing in MacLeans Magazine of November, 1971, he said:

> The truth is that Canadians, in accepting American capital, American management and American technology, have unwittingly received the spirit that animates all three. They have not only become subjects of the American continental empire, but they have also become converts to its characteristic philosophy of life, to what might legitimately be called its religion. The central doctrine of this religion is a belief that progress is the only good in life and that progress means a liberation of man for the progressive conquest of nature by technology. . . .
>
> This new doctrine (the doctrine of continual economic growth) has captured the minds of Canadians, just as it has those of every other people in the western world. To achieve economic growth, they are prepared to sacrifice their independence, pillage their natural resources, contaminate their environment and endure all the hideous evils of modern industrialization and urbanization. The American empire is taking over the birthright of Canadians; and its imperial religion has taken over their minds.

That is a pretty strong statement, but I think it is accurate in its particulars. It indicates one major way in which foreign ownership limits our capacity to develop as a nation, a way in which it has not assisted, but limited our capacity to develop as a nation and to realize our potential as Canadians. That point is a bit philosophical and because it is philosophical, it may not carry too much weight with members opposite, such as the member for Fort William who spoke before me. However, there are some extremely practical considerations which indicate that foreign capital, in the amounts we have it in Canada, is also very dangerous for the development of this country.

Let me just mention one of hundreds of examples which come to mind. The concern to which I will devote a moment or two is that of unemployment, a phenomenon often brought to the attention to those of us in this House, through public opinion polls, as being one of the major concerns of Canadians. Our inability to provide jobs for our citizens is related in many ways to the question of foreign ownership. Foreign ownership exists in massive proportions in Canada. Our economy has more foreign ownership and control than that of any developed nation in the world. It is dangerous and undesirable. It contributes directly to our inability to create jobs for our people,

in other words, to the amount of unemployment we are suffering at the moment. It does this in a number of ways.

First, foreign ownership means a branch plant economy. That means that key decisions are being made in board rooms outside this country in relation to considerations totally unrelated to economic realities and social needs in Canada. Thus, the American DISC legislation will quite conceivably result in production cutbacks and plant closures in Canada. Canadian workers will be thrown out of jobs, not because their work is unsatisfactory, not because they have not been sufficiently productive or because there is no market potential for the products they manufacture, but simply because the companies concerned can make a greater profit by expanding production in the United States and taking advantage of the tax cut which the DISC program represents. That is one way in which foreign ownership can adversely affect our ability to provide jobs for Canadians.

Foreign ownership contributes to unemployment by the export of jobs. Multinational corporations come to Canada to purchase and exploit our natural resources to supply the needs of their already existing manufacturing facilities elsewhere in the world. Thus our resources are exported in the rawest state possible and along with them thousands of potential jobs in the manufacturing and service industries.

The hon. member for Duvernay (Mr. Kierans), a member of the party opposite, estimates that $1 billion worth of exports of manufactured goods contains about $230 million in salaries and wages, whereas $1 billion in export resources pays only about $68 million in salaries and wages, and that is jobs. If we continue on our present path, the Science Council of Canada warns, and I quote:

> Canada's economy in this decade will increasingly become dependent upon the resource and service industries. Resource industries offer limited opportunities for employment; furthermore much of their profit does not remain in Canada. The funneling of funds out of the country is likely to stunt the growth of our service industries . . .
>
> Our participation in international trade will become less and less significant and we will become, once again, mainly suppliers of raw materials to the North American continent.

The Science Council of Canada has argued that our present course can result in the stunting of growth in our service industries, the most labour intensive of all industries in this country. It can produce a declining participation by Canada in international trade, another area in which jobs are produced. What does that do to our prospects for employment? I am not arguing that this whole problem can be attributed to the fact that our resource industries are largely foreign owned, but foreign ownership is certainly one of the most significant factors in the kind of structural employment we have in Canada.

A third way in which foreign control of the economy contributes to the lack of employment opportunities once again relates to the branch plant nature of economic development in such circumstances. Research and development of significant importance, with its attendant employment potential, both directly and through spin-off is almost never assigned to the branch plant, but remains with the parent company. Moreover, the branch plant introduces inefficiencies into production, increasing per unit cost and decreasing the export potential of our production.

For example, Canada produces for a domestic market of 22 million people almost as many different brand names and model lines of television as does the United States with a domestic market of over 200 million. That is a direct result of branch plant development in Canada. It makes no economic sense at all. Were our economy not branch plant in nature, we would probably produce fewer models and have longer production runs, thereby reducing per unit costs and making our product more competitive within the domestic market and in world markets.

These are some of the ways in which foreign ownership directly contributes to our inability to meet the Canadian peoples' needs for jobs, the way it contributes to the most critical, in human terms, of all Canada's problems, unemployment. That is one of hundreds of examples of the kind of disadvantages which result from the degree of foreign ownership which exists in the Canadian economy.

At its founding convention in 1961, the New Democratic Party sounded a warning to this country about the dangers which the increasing foreign ownership of our economy posed to our independence and sovereignty. When we were not ignored, we were denounced as being anti-American, falsely reviled as wishing to cut off the foreign capital which was erroneously believed to be the life blood of our nation, or laughed at as being hopelessly idealistic.

• (1550)

In 1968, the Watkins Report, commissioned by the government, said substantially the same things as we had been saying, and supplied statistical data to back up those assertions. It also warned us that about 15 years were left in which to set our house in order, to attempt to reverse the trend toward increasing foreign ownership, or it would be too late. The government ignored that report. But in the last two or three years, concern among the general public about our future as a nation should we do nothing about foreign ownership, has grown, and economic nationalism has become respectable, as the hon. member for Fort William has said. I do not consider this to be something undesirable, as he seemed to think, though. The Toronto *Star* backs economic nationalism. *MacLean's Magazine* backs it. The Committee for an Independent Canada has been formed. Now that the cause is respectable, the Conservative and Liberal parties have embraced it with open arms—or perhaps I should say with open mouths. For the last two years, the government has been promising immediate and effective action on foreign ownership. We have waited impatiently to see this policy revealed.

On Tuesday, May 8, at 5 p.m. the Minister of National Revenue (Mr. Gray) rose in his place in the House of Commons and unveiled the government's policy on foreign ownership. I listened initially with stunned disbelief and then, increasingly, with anger because the policy on foreign takeovers, together with the proposed legislation, was nothing but a sham and a hoax, a cynical effort to defuse the issue of economic nationalism before an election was called—nothing more, and nothing less. What we heard was not a policy to regulate and reduce foreign

ownership of our economy. It was, rather, nothing more than a scheme for screening foreign takeovers of Canadian industries, and an unworkable scheme at that.

Boiled down to its essentials, and it doesn't take much boiling down, the legislation provides that each time a foreign-owned corporation wishes to purchase a Canadian firm possessing more than $250,000 in assets and doing more than $3 million in business, that fact must be reported to the Department of Industry, Trade and Commerce. The department is then, on the basis of criteria as yet undisclosed, to determine whether or not a takeover would be in the Canadian interest. If it is deemed to be in the Canadian interest, the deal can go through. If not, it can be stopped, though an appeal procedure is provided. That is the essence of the legislation. The half a loaf brigade, and there are many on the other side of the House, may say: Granted, it does not do much, but it does do something; it will prevent the takeover of Canadian firms by foreign corporations, and that is a gain. Anyone who takes this view is badly mistaken.

First, one should remember that the legislation is not designed to prevent takeovers as such, but only to prevent those which are not considered beneficial to Canada's interests, whatever that may mean. Second, the agency selected to determine whether or not a takeover is in the interest of Canada is not the independent screening agency advocated by the Standing Committee on External Affairs and National Defence in its report on Canadian-United States relations, or by the Watkins Report. It is, rather, the Department of Industry, Trade and Commerce, the department which for the past decade and a half has been the major architect of placing Canada in the position of finding more of its economy foreign-owned than that of any other developed nation. Third, the minister whose responsibility it is to supervise the screening, the Minister of Industry, Trade and Commerce has stated categorically that the purpose of the legislation is not to restrict foreign investment but, rather, to ensure that Canadians derive greater benefit from it.

Mr. Pepin: I said "mainly"; read my speech again.

Mr. Rowland: The minister said, in effect, in a very charming way—I am paraphrasing: what I think will happen is that if we examine a deal and it does not seem to offer much to Canada we shall call the principals involved in the takeover together and tell them it does not offer very much, that we do not think highly of the deal. This having happened, rather than have the deal set aside, the principals will pull other cards out of their sleeves, and make additional offers.

Mr. Pepin: Read page 2634.

Mr. Rowland: I have done so.

Mr. Pepin: Well, read it again.

Mr. Rowland: When you look at the factors I have mentioned, is it any wonder that a United States businessman, informed about the provisions in this legislation, should have made the comment: Now, we can all roll over and go back to sleep.

I have dealt with some of the errors of commission in the legislation. The errors of omission are too numerous for them all to be mentioned individually, but it is important to note a few. First, the legislation contains no provision to deal with takeovers which may be arranged between the time the legislation was announced in the House and the time it becomes law. Moreover, spokesmen for the government have revealed in the House through their responses to questions that there is absolutely no intention of employing other means of restricting takeovers until the bill becomes law. So in the next few weeks, or months, however long it takes for this bill to become law, we can expect takeovers to be successfully negotiated at a highly accelerated rate.

Second, the legislation does not provide for the screening of new direct foreign investment in Canada, that is to say the establishment of new companies as opposed to the taking over of existing Canadian ones. Nor does it provide for the screening of projects to expand existing foreign-owned industry in Canada. These weaknesses and shortcomings were outlined in the *Canadian Forum* version of the Gray Report. The actual statements concerned were quoted by my leader in reply to the minister's statement on this subject. I shall not read the exchange now, but I refer hon. members to page 1831 of *Hansard*. That same report, as published in the *Canadian Forum*, said in one sentence what I am arguing in this regard right now. It said that failure to screen projects for expansion into new industries could lead to easy circumvention of the screening process. This is why, if the screening process is to work, it must not only deal with takeovers of existing Canadian firms but with the expansion of foreign corporations already established. Otherwise, the legislation can be easily circumvented. So the legislation before us is entirely useless, or, to put the best construction upon it, of very little use.

The fact is that the policy announced by the minister in this bill has nothing to do with the expansion of existing firms into new areas and new industries. It has nothing to do with direct foreign investment coming to Canada, and it does nothing to increase Canadian ownership in any of the areas with which we are concerned. In short, the legislation will not work even in the narrowly defined areas in which it is designed to operate.

Another error of omission is the government's failure to amend allied legislation to ensure that it complements the pitiful piece we have before us with the object of ensuring that the screening operation will work more effectively. If time permitted I could give a long list of legislation which requires amendment in order to make this bill work more effectively. One statute which requires amendment is the Corporations and Labour Unions Returns Act, in accordance with which certain information is demanded in connected with the financial operations of corporations and unions. If the screening process is to be at all effective, a great deal more information will be needed about the financial operations of corporations involved in takeover deals. But no move has been made to strengthen the CALURA legislation to this end.

• (1600)

Another area of omission relates to the fact that if the screening agency does occasionally say no to a foreign

takeover bid, it is obvious that some alternative purchaser will have to be found by Canadian industry. An obvious candidate for this role is the Canada Development Corporation. However, while the screening process will take into consideration the fate of companies with a mere $250,000 in assets, the Canada Development Corporation can only look at those with $1 million or more in assets. So, there is another little gap there.

When we on this side of the House asked whether legislation was going to be drafted to close this gap between the amount of assets established under the screening legislation and that under the Canada Development Corporation legislation, we were informed by the government that it had no plan to amend the Canada Development Corporation legislation. These kinds of omissions, and the government's failure to amend the legislation complementary to the bill that is now before the House, lead me to suggest that the screen that the government is holding up is so full of holes as to be totally useless. It is a big zero.

What action is needed to regain control of our economy? I think it would be worth while to spend a moment or two to reiterate some of the points made by my leader on December 9 in this House. He spoke about the problem of foreign ownership and referred to the minimal action that is required to be taken immediately to reduce or eliminate the current danger to our sovereignty and independence. The hon. member for York South (Mr. Lewis) put forward a ten point program before this legislation was introduced. First, he suggested the establishment of a screening or control agency with the power to limit takeovers and the further expansion of foreign ownership and control, including both expansion of existing foreign-owned companies in this country, and new direct foreign investment. The hon. member said that unless the agency has the power to limit further foreign expansion in Canada, it will be a toothless exercise. I suggest that is what we have here, a screening agency with no real power to be effective since it excludes so many of the safeguards that are important to a screening process.

Second, the hon. member for York South recommended the revamping of the Canada Development Corporation to meet the need for an alternate source of investment capital. Investment funds could be drawn, he said, from the reserves of financial and other corporations as well as from voluntary investment by individual Canadian citizens. He said that that was one means of obtaining from within Canada the capital which many people argue we must obtain outside the country.

The third point he made was that the Canada Development Corporation should be given a mandate to invest in new industrial development as well as to buy existing multinational corporations. There is a huge gap in Canadian industrial policy. The government has been unable to respond to the need for capitalization by those Canadians who have discovered new technology. Because the government has not had legislation to enable it to respond to such need for development capital, many of these people have been forced to go south of the border to find that capital, and as a result we have lost the technology. The Canada Development Corporation is the logical place to find this sort of capital, and therefore the legislation should be amended to ensure that the CDC is capable of supplying it.

The fourth point made by the hon. member was that the Canada Development Corporation should be authorized to engage in heavy expenditure on research and development.

The fifth point my leader made on December 9 was the need for the Canada Development Corporation to expand the public sector of the Canadian economy. It is the public sector, we can be absolutely sure, that will not fall into foreign hands.

He advocated as a sixth point, a program of rationalization and specialization in Canadian manufacturing, both to meet more of Canada's domestic needs and to change trading patterns away from a single, predominant market.

His seventh point was the immediate establishment of a government export agency with power to ensure that all corporations in Canada promote trade in accordance with Canadian law and policies, and that they do not submit to foreign laws and policies. We have had a number of examples of the need for this kind of trading corporation in the past. I recall an order being placed by the Soviet Union in Canada for the purchase of flour destined for Cuba. Some of the milling companies that tendered to supply this flour under contract eventually backed out because they were United States subsidiary plants and were afraid of the effect that their engaging in this contract would have on their parent company under the provisions of the U.S. trading with the enemy act. Another example was when the People's Republic of China attempted to buy Ford trucks and parts from Canada. It was the fear of the effect of the U.S. trading with the enemy act on the parent company which prevented the Canadian subsidiary from meeting that export order.

The hon. member for York South advocated as an eighth measure, which is required immediately to eliminate or reduce the danger to our sovereignty that is inherent in foreign control of our economy, the establishment, in co-operation with the provinces, of standards of resource planning and development, and requiring the processing of raw materials in Canada.

He advocated as his ninth point increasing public investment in resource industries, through public ownership or through joint participation with private corporations, as the most effective way of regaining control of our energy and mineral resources which are now mainly in the hands of multinational corporations and world cartels.

Finally, the hon. member advocated a policy that requires full disclosure of facts before any shutdown of a plant is authorized, so the government could take over plants threatened with shutdowns when their operations are economically sound and socially useful. We all recall what happened at the steel plant at Sydney, Nova Scotia. A multinational corporation decided it was no longer in its interests to keep this plant open and was quite willing to see hundreds of men in Canada thrown out of work. Such an event was of no concern to it. Then, the govern-

ment took over the plant and made a profit in the first year of operation.

These are some of the steps that we on this side of the House contend are necessary to regain some modicum of control over our economy, and to guarantee that our sovereignty and independence will no longer be threatened as they are now. I have put forward what is a minimal program. I have recited ten specific points for action. Only one of these has been acted on by the government in its so-called policy of economic nationalization, and this is the establishment of a screening agency to screen transactions that involve only about 20 per cent at most of foreign investment in this country.

What is needed is for the government to take the kind of action that my leader advocated on December 9. This must be done if we are to keep Canada Canadian. But in response to the expressed concern on the part of Canadians over foreign ownership of our economy, the government has brought forward a bill that is inadequate in every sense, one that does not even do what is stated to be its express purpose. Certainly, it does not touch on the problem of expanding the percentage of Canadian ownership of our economy, and this gap in the legislation demonstrates conclusively that this government is derelict in its duty to protect Canada's sovereignty. The protection of Canada's sovereignty does not involve only the use of military forces. It also involves the use of economic policy. In the use of economic policy, the government is derelict in its duty.

• (1610)

Mr. Ian Wahn (St. Paul's): Mr. Speaker, the purpose of this takeover bill which we are now debating is to make sure that no takeover of a Canadian business by a foreign investor will be permitted unless it can be established that it is clearly in the national interest. In recent years it has been clearly established that the number of takeovers of Canadian businesses by foreign investors has been so large as to arouse legitimate concern on the part of Canadians. There is no clear evidence that the number of such takeovers is decreasing, despite the fact that in recent years Canadians have been accumulating large quantities of investment capital which could be used for investment in Canada. Much of it is going abroad. Some of the takeovers which have taken place no doubt are desirable from the Canadian point of view, but others have not been desirable. As members of this House know, it has been necessary for the government to intervene without the benefit of enabling legislation to stop important takeovers. I refer specifically to the proposed takeover of Denison Mines and the proposed takeover of Home Oil. This method of control has been embarrassing and unfair to the government and to Canadian owners, as well as to the proposed purchasers of the businesses. It therefore makes good sense to have enabling legislation which will prevent takeovers unless they can be clearly established to be in the national interest. It is also probably desirable to make sure that there should not be an outright prohibition of all takeovers but only those takeovers which in fact do not help Canada.

The bill before us seems to be carefully drafted. No doubt there will be questions with regard to details which can be raised in committee, and no doubt there are a number of amendments which usefully could be made. The principle, however, of having enabling legislation to regulate takeovers of Canadian business by foreign owners is sound. It is not all radical. Most industrial countries have established such procedures. Because of the high degree of foreign ownership of Canadian industry, the need in Canada for such legislation is greater than in most countries. Indeed, legislation of this type is long overdue.

I support this legislation as one phase in the evolution of a truly comprehensive national policy with regard to foreign investment and foreign ownership. The problem I have is not with regard to this particular bill. The problem is that this bill does not constitute a comprehensive policy concerning foreign investment and foreign ownership. It does not constitute the comprehensive policy with regard to foreign ownership and foreign investment which members of this House and members of the public generally have been expecting for so many years.

Mr. Brewin: Mr. Speaker, I wonder—

Mr. Deputy Speaker: Order, please. Is the hon. member seeking the floor for the purpose of asking a question?

Mr. Brewin: Yes, Mr. Speaker. I wonder whether the hon. member would permit a question?

Mr. Wahn: Yes, indeed.

Mr. Brewin: The hon. member was quoted in the press a few days ago as having said that this legislation was a baby step and would not halt foreign takeovers. He said it would be largely ineffective. Was he correctly quoted? Is that his view of this bill?

Mr. Wahn: That is a reasonably correct quotation. As I have said, I support this bill but only as one step, a small step, in the development of a comprehensive policy in respect of the foreign investment and foreign ownership, a baby step if you like.

Mr. Brewin: And ineffective.

Mr. Wahn: I will suggest certain amendments which would improve the effectiveness of this legislation if the hon. member for Greenwood will permit me to continue. The Watkins Report on the structure of Canadian industry was published more than four years ago. The report of the House of Commons Standing Committee on External Affairs and National Defence was published in August 1970, and all of us have been expecting an official government statement on foreign investment and foreign ownership since that time. This bill is good as far as it goes, but it does not represent the comprehensive statement of policy which we have been expecting. My remarks will deal primarily with such a policy.

I would like to make a very clear distinction between foreign investment and foreign ownership. I believe Canadians should continue to welcome foreign investment which will be of benefit to Canada and in the national interest; but I believe we should not welcome any further increase in the percentage of foreign ownership in the two vital sectors of manufacturing and resources, which now are more than 60 per cent owned outside the

country. In debating the question of foreign investment, most of the arguments miss this important distinction. I have heard many people, including members in this House declare "In my area we need more capital to create more employment. It does not matter to us whether it is Canadian capital or foreign capital, so long as the foreign investors behave like good Canadian citizens. So far as we are concerned, the only thing wrong with foreign investment is that there is not enough of it." This usually goes along with an assertion that southern Ontario got a head start, that it now has all the foreign capital it needs and is just trying to protect its position by preventing other areas of Canada, such as Quebec, the Atlantic provinces and the western provinces, from getting their share.

These arguments miss the point entirely. No responsible Canadian suggests we should prohibit foreign investment, but we do insist that we have a real problem in Canada because of the excessive degree of foreign ownership and control over our basic manufacturing and resource industries. We do insist that in order to prevent this problem becoming more serious, and in order to direct as far as possible new foreign investment to areas where it is really needed, it is necessary to regulate, but not to prohibit, foreign investment. I ask this question of those who put forward these arguments. If foreign investment has gone into southern Ontario, Montreal, Toronto and the St. Lawrence basin in the first 100 years of our history, what makes them think that things will be any different in the next 100 years, if we do not adopt some sensible rules in respect of foreign investment? Investment will still continue to go to the same places. Cities like Toronto, Montreal and Vancouver will continue to grow out of all proportion to the rest of the country. Toronto may grow to a population of six million people. Who wants that? Certainly, few people from the city of Toronto want that. So, legislation is required which will help direct new foreign capital to regions which need it most and away from the regions which no longer want it. That is really what we are suggesting.

Another related argument, which has been put forward often, is that we cannot possibly develop our manufacturing and resource industries without assistance from abroad; that we do not have the necessary technological ability, know-how or intelligence to do this. What a despairing attitude that is! What a lack of self-confidence it reflects and what a commentary upon Canadians who make such an argument! What a craven fear they must have for our future? Great resource industries have been developed by Canadians with Canadian capital despite the fact that the majority of these industries are now owned by foreign corporations. Businesses of every kind have been built in Canada without the necessity of turning over the ownership of these businesses to foreign investors. What has been done in the past can be done in the future.

Our great banking system has been built up not with foreign capital and not with assistance from abroad. It has been built up by Canadians with Canadian capital. Does anyone suggest that the banks do not have access to capital? They do pretty well, but nevertheless for some reason which I cannot understand every banker I meet tells me that it is almost impossible to develop sound manufacturing and resource industries in Canada without capital from abroad. I say to them: are the banks not efficient; don't they work well? Do they not have branches abroad doing a good job? They say: yes. I say: what makes you think that Canadian owners of manufacturing and resource industries are less able than you? They cannot answer that argument: no one can answer that argument. Canadians are just as capable of building up their industries as are Americans or any other foreign owners.

• (1620)

What are the actual facts? The Standing Committee on External Affairs and National Defence went into the whole question quite exhaustively in 1969 and 1970 and published its eleventh report in August, 1970. Certain basic facts were clearly established in this report. The Canadian economy can be divided into ten great sectors. These are agriculture, forestry, fishing and trapping, mining, manufacturing, construction, transportation and public utilities, wholesale and retail trade, finance and services. Based upon 1967 figures which were the latest available at that time, all of these sectors were under majority Canadian ownership and control with the exception of two very large and very important sectors. These were the manufacturing sector and the resource sector, including mining and petroleum. In 1967 both these sectors were about 60 per cent owned by foreign investors, mostly from the United States.

Only two of the ten great sectors of the Canadian economy are under foreign control. But the danger is much greater than that statement would indicate. These two sectors are very large, and central to our entire economy. Other sectors which are Canadian owned, such as finance, services, trade, transportation, public utilities and construction, are closely related to and depend upon the two foreign controlled sectors. The remaining three Canadian owned sectors, agriculture, forestry, and fishing and trapping, are smaller relatively in total assets, provide fewer jobs, and have gradually become less important in our economy.

As has been stated in the House time and time again, the fact is that no other developed country in the world has so much of its economy foreign-owned as does Canada. I emphasize also that most of this foreign ownership is concentrated in the United States. I say this not out of any feeling of anti-Americanism but to emphasize that it is particularly important because of the closeness of our other relations with that country. We are close neighbours; we are influenced, sometimes almost overwhelmed, by cultural influences from the United States. American unions are dominant in Canada. We have joint military arrangements, and two thirds of our imports come from the United States and two thirds of our exports go to that country. Our educational institutions are rather similar. The high concentration of American investment and ownership in our economy is only one of a large number of factors which may, if we are not careful, make us unduly dependent upon the United States and may stunt our national development.

Some Canadians say "so what? What is the danger in this?" One answer can be drawn from history. Throughout recorded history, excessive absentee ownership has had evil results, not only for the dependent state but also

for the absentee owners. The President of the United States, speaking in this chamber, made this very point. But surely it should not have been necessary that that point be made by the President of the United States in this House. Surely, every member should have accepted it long before he appeared before us. The President of the United States pointed out that in its early years his country also was dependent upon European capital, but that it had adopted policies to develop its own industries and to safeguard its own independence. He pointed out that his countrymen realize that Canada must do the same. The American government does not want a satellite Canada; the American government wants a strong, friendly and independent Canada. This was the very conclusion reached by our committee in its 1970 report.

In addition to this lesson from history, certain specific dangers are clear. If American ownership of our vital manufacturing and resource sectors continues to increase, the result, bearing in mind the closeness of all our other relations with the United States, will inevitably be a high degree of integration of the Canadian economy with the American economy. This is not similar to one country joining other countries of roughly equal size in a common market. This would not be similar to the United Kingdom joining Europe in the Common Market. The American economy is about 12 times as large and powerful as ours. If we have integration of the Canadian and the American economies, this will mean that, in effect, the Canadian economy will become part of the continental American economy. The result of this will be that Canadians will not be able to retain a reasonable degree of control over their economic destiny. This is of prime importance to Canadians. Canadians want to have jobs; they want to be able to earn enough by their own efforts to support themselves, their wives and their families, and all that depends upon the economy. Canadians want to control their own economy, they do not want their economy and their jobs controlled by large multinational corporations or by impersonal forces operating from another country, no matter how benevolent and friendly that other country may be.

If the Canadian economy becomes part of the American economy, it will mean that our economy will inevitably move up and down with the American economy. If the United States suffers deflation, we will suffer deflation. If the United States suffers inflation, we will suffer inflation. If the United States suffers from unemployment, we will suffer from unemployment, and there will be nothing that this Parliament can do about it. If some members say "So what's new? We can't now" I say that it is time for a change.

Some hon. Members: Hear, hear!

Mr. Wahn: We may have already become too dependent upon the American economy, and in that event it is time for a change in our policies. It is time to develop a greater degree of Canadian independence, a greater degree of control over our own economy.

Some hon. Members: Oh, oh!

Mr. Wahn: I hope I have explained adequately that I was emphasizing the necessity for a change in the policies governing the operations of our economy.

Mr. Fairweather: Same thing.

Some hon. Members: Hear, hear!

Mr. Wahn: Our committee made that point in its report when it said:

> The danger facing Canada is not one of political absorption by the United States; the danger which Canada must guard against is that it will drift into such a position of dependency in relation to the United States that it will be unable in practice to adopt policies displeasing to the United States because of the fear of American reaction which would involve consequences unacceptable to Canadians—
>
> The committee has concluded that, in addition to maintaining political independence, Canada must also maintain a sufficient degree of military, economic and cultural independence so that it will, in practice, be able to make the independent decisions which constitute the vital characteristic of an independent nation.

If we do not retain a reasonable degree of economic independence, I have no doubt we will continue to maintain the appearance of political independence. The provincial legislatures will continue to meet and debate in the provinces; this House will continue to meet and debate here and no doubt will continue to pass laws. But the vital economic decisions affecting the average Canadian will not be taken in this House or in the provincial legislatures but at meetings and by institutions controlled beyond our own borders. That is the real importance of this debate. There is a real danger here, and that is why it is urgent that we should have a clear statement of government policy on foreign investment and foreign ownership and control.

I believe that most Canadians would support the bill now before us if they could be assured that it is merely one measure in an evolving program to assure Canadians of effective control of their own economic environment, one of a number of measures such as the legislation now in place relating to banks, insurance companies, trust companies, the National Transportation Commission, the CRTC, the Canada Development Corporation, and many others. But Canadians will feel nothing but dismay if the government puts this measure forward as its final statement of policy in this field.

• (1630)

This particular bill has been presented by the government in response to the demand by members of the House, and by Canadians generally, over an extended period of time for a comprehensive statement of policy on foreign ownership. There is a real possibility, therefore, of misunderstanding. To avoid this danger, it is most important that the government indicate clearly that this particular bill is in fact merely one measure in such a continuing program to regain control of our economy. If this is true, then this fact should be stated clearly in this bill.

Mr. Pepin: That was in the very first paragraph of my speech.

Mr. Wahn: The first paragraph is very useful because it does recognize, as the minister has indicated, that there is

a problem. That certainly is a real advance, but it is not the end.

Some hon. Members: Hear, hear!

Mr. Wahn: The bill also indicates that there is a problem, but what we are asking for is a statement of policy with regard to solutions. With the greatest deference and respect to the minister, I suggest that this could be very clearly established by adding a preamble to the bill, as was done with the National Transportation Act, which would set out clearly the policy of the government. I suggest that this preamble should, in effect, state that the government recognizes there is a problem associated with excessive ownership of vital sectors of the Canadian economy by foreign owners. This, as the minister has said, is indicated in clause 2, of the bill, so I am not asking for very much.

The preamble should go on to state that action must be taken with care in order to be fair to foreign investors, and to prevent loss of jobs and hardship for Canadians, that one of the most pressing problems, and one of the easiest to deal with immediately is the problem of takeovers, and accordingly this bill has been introduced to deal with this specific problem. However, other measures will be introduced promptly as required to ensure effective Canadian control of the Canadian economy, and to maintain a reasonable degree of economic independence. This is the basic requirement, as I see it. But I suggest two additional changes. To make the takeover legislation effective, new foreign investment should also be subject to regulation by the takeover branch. The necessity for this is clearly explained in the studies entitled "Foreign Direct Investment in Canada" recently published by the government of Canada.

The final requirement, which I would suggest, is to establish a knowledgeable and authoritative group, or agency, or branch, or department, or whatever you wish to call it, to make continuing studies on the subject of Canadian economic independence, and to make policy recommendations to the government with regard to further new measures which would form part of this continuing and evolving program for Canadian economic independence. At the present time we do not have sufficient information on this subject to make wise decisions. We do not really know for sure whether the danger of economic dependence upon the United States is decreasing or increasing. We know we want to be independent. We know we want a reasonable degree of control over our own destiny, but we do not know the best way of achieving this. It is essential that there should be a continuing organization which can do the necessary research, and help to develop policies for consideration by government.

In the past, this House has enacted one piece of legislation here, another piece of legislation there. The problem is too serious and the need too urgent to proceed in this way any longer. We must have continuing study, continuing policy recommendations, and continuing improvements in our program. At the present time some work in this field is done by a branch of Statistics Canada and some by a branch of the Department of Industry, Trade and Commerce. The work should be co-ordinated. The group responsible should be of the highest ability to match the importance of the problem, and the policies recommended by the group should be given serious consideration by the responsible minister and by the government.

It is entirely clear that Canadians are determined to maintain a reasonable degree of independence in an interdependent world. They are concerned about our increasing dependence upon the United States. Many are not sure whether or not that is a real danger, but after the many years of study by various committees they are looking to this government for more than this specific bill on takeovers. They want to know where we have been and where we are going. They want a sense of purpose. They want a clear policy lead from the government.

Mr. Stan Schumacher (Palliser): Mr. Speaker, I am wondering whether the preceding speech flows from receipt of a certain telegram that some of us got yesterday, because certainly something seems to have happened over there. First of all, I must say that so far as my particular area is concerned, there does not appear to be any consensus with respect to the matter of foreign investment or foreign ownership of business and industry in Canada. If a person took the preceding speaker's thoughts as gospel he would be left with the feeling that there was no question about that in this country, and that it was a major national concern to everybody who had given the slightest bit of thought to the problem. I suggest that at least in one small part of the country this is not the case.

I have to admit that feeling is divided in my area. Actually, it is evenly divided. Prior to the Easter recess I sent out a questionnaire to the householders in my area. One of the questions asked was, "Do you feel that the government should take action to restrict foreign investment in Canada?" The response was evenly divided, and I give it from a sample of 4,600 questionnaires that were returned. Exactly 45 per cent felt there should be restriction on foreign investment, exactly 45 per cent felt there should be no restriction, and 10 per cent were undecided. Not everybody in the country feels that the matter is of national importance.

I agree that there is a feeling abroad in this land that some of our laws are not being properly enforced to give Canadians their rightful place in the development of the their own country. However, I do not think there is any genuine feeling abroad that would justify the remarks of members of the New Democratic party, who suggest the problem has reached such crisis proportions that the only solution is for the government to step in and take over the entire industry and economy of the nation.

The bill before us provides for proposed takeovers to be submitted to the Minister of Industry, Trade and Commerce (Mr. Pepin) in respect of public corporations, that is, corporations whose shares are publicly traded, when a takeover involves 5 per cent or more of the issued capital, and in respect of private companies when a takeover involves shares consisting of 20 per cent or more of the issued capital. I am somewhat concerned about the position of the government when one considers that at present it is the 100 per cent owner of all the shares in the Canada Development Corporation. I feel there could be a conflict of interest with the government of Canada considering whether to approve a certain takeover of an existing

Canadian business when it also has the interests of the Canadian Development Corporation at heart.

• (1640)

A great deal of information concerning the shares and the business involved will be the property of the federal government for some 90 days. The government would then be in a position to say that it might be more suitable if the Canada Development Corporation paid the price that had been agreed upon or slightly more. In this way, that organization would be allowed to have an inordinate amount of influence on the business of the country. The government is moving in this direction already. One of the largest companies engaged in the exploration for oil and gas in the Arctic is Panarctic Oils, and the government owns 45 per cent of that company. This government appears to have a continuing interest in getting into the day to day business activities of the country. It is very important to remember, in a country the size of ours, that our industries have connections with others in the world at large because of our limited domestic market. We cannot take an insular view here because we must have those connections in order to get the best results. There is also the question of technology. In many instances, it is imperative that some foreign element be involved in our business undertakings in order that we may reap the benefit of technology that has been developed abroad.

One thing that concerns me about this legislation, Mr. Speaker, is the fact that it might be subject to the same kind of treatment that has been extended to applicants for regional expansion grants. These applicants do not appear to me to have been dealt with in a fair and equitable manner in all parts of the country. It is quite obvious that the bulk of the money has gone to the province of Quebec, and I would say that probably even within that province the bulk has gone to the St. Lawrence Valley. The same attitude towards takeovers would not be conducive to the development of strong, viable businesses in the more remote areas of the country.

This bill enjoys the short title, Mr. Speaker, "Foreign Takeovers Review Act". It is the hallmark of this "Looking Glass" government that what it gives to us is the reverse image of what it promised us. This bill would be more appropriately entitled the "Provincial Powers Takeover Bill". I feel that there is a very strong constitutional weakness in this bill. It deals primarily with shares of incorporated companies because most of the undertakings to which it will be relate will be incorporated. I will have something to say about what I think the proper attitude of the government should be later on, but I am going to deal with some of the weaknesses at this point.

This bill represents another addition to the long list of power grabs—some defeated, some successful—by this government from the provinces and from the private sector. We can add it to the original investment companies bill which would have enabled this government to seize control over the investment of $13 billion annually from private business and to shift investment from one province to another to suit its political whim. Fortunately, that bill was emasculated in the Senate. We can add it to the new Unemployment Insurance Act which went a long way towards seizing provincial power over social welfare. We can add it to the direct payment of federal taxes to individuals and corporations under the Family Income Security Plan, the Local Initiatives Program, the Opportunities for Youth, the Company of Young Canadians, regional incentives grants and a variety of other giveaways.

These constitutional violations of Section 92(7) of the British North America Act which gives the provinces exclusive legislative power over social welfare, are justified under the so-called "spending power" of the federal government. The existence of that constitutional power was denied by the Privy Council, the Supreme Court of Canada, and by that eminent constitutional authority who now heads the government of Canada. The curt dismissals of that power by the Privy Council and the Supreme Court remain unchallenged by any later decisions. The statement by the constitutional authority—now our head of government—is classic in phrasing and farsighted in its analysis of the effect the spending power, if used, would have. In 1961, Pierre Elliott Trudeau said, in a paper titled "The Practice and Theory of Federalism", which he contributed to "Social Purpose for Canada":

> Indeed, the federal "spending power" or so-called "power of the purse" is presently being construed as a federal right to decide (at taxpayers' expense) whether provincial governments are properly exercising any and every right they hold under the constitution.

In a note to this statement, Mr. Trudeau comments:

> In a brilliant chapter published in A.R.M. Lower, F.R. Scott et al, Evolving Canadian Federalism, Durham, North Carolina, 1958, Professor Corry finds it "extraordinary that no one has challenged the constitutionality of the assumed spending power before the Supreme Court" (p. 119). I share his wonderment; but I find it even more extraordinary that political scientists fail to see the eroding effect that the power of the purse will have on Canadian democracy if the present construction continues to prevail, and in particular what chaos will result if provincial governments borrow federal logic and begin using their own power of the purse to meddle in federal affairs.

• (1650)

Eleven years after this article appeared in print, that constitutional authority has taken the Canadian constitution a long way down the road to erosion. The Prime Minister (Mr. Trudeau) is taking another step with this bill, although not by use of the so-called spending power. This time he is taking a large-sized bite out of the exclusive legislative power of the provinces over property and civil rights.

The second reading stage, Mr. Speaker, is not the time to discuss the clauses of this bill or to point out the violations of provincial powers, one by one. Nor am I interested in hearing denials from the minister who occupies the once proud and prestigious post of Minister of Justice and Attorney General of Canada. Notwithstanding the pride of place that that position once held among Canadian lawyers, its pride and prestige have been eroded, just as surely as provincial powers have been eroded, with the publications by a former occupant, of the position of a so-called constitutional paper entitled, "Federal Provincial Grants and the Spending Power of Parliament".

Be that as it may, Mr. Speaker, I feel that one of the big weaknesses of the present legislation is its failure to attempt a selective approach, since there are big differences in the types of investment to which foreign or other

dollars are directed. Many have commented that the resource industry is largely foreign controlled. I suggest the reason is that Canadians do not want to invest money in that area. Our resources are there and must be developed. We, in Alberta, would like conditions to be different. Like it or not, there is a good and viable petroleum and natural gas industry in the province, and there are large, undeveloped petroleum resources in the tar sands. We might wish our economy were totally devoted to manufacturing. It is not. Those resources are there, and are crying to be developed. The industry remains a high risk industry, and returns on invested capital are not necessarily high.

May I now quote part of a speech given by Mr. A. H. Ross, President of Western Decalta Petroleum Limited, in Ottawa on May 3. After asking if the petroleum industry is profitable, he said:

> Recently, the annual reports of various oil companies have been published which indicated new highs for sales, cash flow and net income. What you never read in the newspapers is what happens to the money. Of the 74 companies listed as oil stocks on the Toronto Stock Exchange, 2 (3 per cent) paid dividends on their common shares in 1971, and the yield provided by these dividends was 2.3 per cent. For the 20 companies which are essentially oil and gas producers but which are listed as industrials on the Toronto Stock Exchange and which include the larger producers and refiners, 12 (60 per cent) paid dividends in 1971. These dividends provided an average yield of 2.2 per cent—not what could be called high. The other eight companies paid no dividends. The moneys generated by the industry are going and have gone in the past, to pay back debt and for further investment in the business.

He said that his company has operated for more than 20 years in Canada, has not paid a dividend in that period and that its indebtedness is growing every year. He continued:

> Another way to look at the profitability of the industry is to look at the return on invested capital, recognizing it is a risky industry, and compare this return to the industry elsewhere and to other industries. In Canada, for the years 1962 to 1968, the average rate of return for oil and gas producers on total invested capital was 8.1 per cent. Gulf Oil Canada Limited recently reported they earned 7.1 per cent on equity capital in 1971. In the United States, the rate of return on total invested capital for oil and gas producers for this period was 12.4 per cent. Now comparing this return, on the same basis, to manufacturing companies, their return in Canada for the same period was 9.9 per cent. The Canadian industry has not been profitable by either standard. Unquestionably, the glamour of the frontier areas has tended to lure investors to the industry, but as $2 million after $2 million goes into dry holes, and it becomes apparent that even a discovery will be long delayed in going to market and thereby generating any spendable cash, the stars in their eyes will dull and the Canadian industry will have to perform by earning an adequate rate of return. With the size of investment required, the day of reckoning is not too far off.

Clearly, if there is to be enough domestic capital for investment, we must make it easier for foreign capital to enter high rish areas. Also, the matter of jobs has been mentioned frequently in this debate. That question seems to be of prime concern for the hon. member for Duvernay (Mr. Kierans) who, while still retaining membership in the Liberal caucus, appears to find it more profitable to work for the democratic party in Manitoba, in that he seems to agree with that party's thinking in this area as expressed by the party spokesman in this debate. The thrust of that party's ideas is that we should not invest money in resource areas, because those areas of the economy produce few jobs. The experience of Alberta in this regard is interesting, to say the least. May I quote another part of Mr. Ross's speech which comes under the heading, "The Oil Industry is Highly Capital Intensive—Providing Few Jobs". Having asked the question implicit in that heading, he said:

> This economic argument has been put out for quite some time but more vocally lately. Perhaps it is time we took a look at the oil industry as it affects the economy of Canada. Unfortunately, at this time—

Mr. Deputy Speaker: Order, please. I regret that I must interrupt the hon. member at this time.

[Mr. Schumacher.]

PROCEEDINGS ON ADJOURNMENT MOTION

SUBJECT MATTER OF QUESTIONS TO BE DEBATED

Mr. Deputy Speaker: It is my duty pursuant to Standing Order 40 to inform the House that the questions to be raised at the time of adjournment are as follows: the hon. member for Simcoe North (Mr. Rynard)—Health—Suggested increase in health resources fund to enable training of more general medical practitioners; the hon. member for Vancouver-Kingsway (Mrs. MacInnis)—Consumer Affairs—Increase in cost of food—Request for investigation of cause; the hon. member for Egmont (Mr. MacDonald)—Transport—Summerside, P.E.I. air services—Result of discussion with local representatives.

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

PRIVATE MEMBERS' PUBLIC BILLS

PUBLIC SERVICE

MEASURE TO PROVIDE FOR PUBLICATION OF CONTRACTS FOR EMPLOYMENT

Mr. David Orlikow (Winnipeg North) moved that Bill C-19, respecting employment with the government of Canada not covered by the Public Service Employment Act, be read the second time and referred to the Standing Committee on Justice and Legal Affairs.

He said: Mr. Speaker, Bill C-19 is a short bill and its purpose is simple, namely, to provide information to the public so that contracts for employment entered into by the office of the Prime Minister (Mr. Trudeau) or other departments of government will be made known in the regular public manner by the publication each month of a list of such contracts in the *Canada Gazette*. I introduced this measure, not to be critical of the increase in the number of public servants or, indeed, in the number of people and organizations hired on contract by the offices of the Prime Minister, the Privy Council, any government department or government commission, but because I

believe the public has a right to know who is being employed by the government of Canada for the people of Canada and for what purpose.

• (1700)

A good deal has been written and said about the increase in the number of civil servants, particularly the increase in staff in the offices of the Prime Minister and the Privy Council. In a study done by the research branch of the Library of Parliament, they summarized what is actually happening in both the office of the Prime Minister and the office of the Privy Council. They state:

As of October 1, 1971 there were 238 full-time employees in the Privy Council Office, which includes those on the Federal Provincial Secretariat and the Science Secretariat. Of this number, 157 are administrative and support staff. The total salary cost of the office, in terms of gross salary rates, is $2,452,660.

This is a very substantial increase compared to the size of this staff under other Prime Ministers. With regard to the Prime Minister's office, they state:

There are presently about 90 full-time staff members in this office including 39 stenographers and 21 clerical employees and messengers. The total salary cost of the Prime Minister's Office, in terms of gross annual salary rates, is $915,684.

This is not the time to be critical, and even if it were the time, I would not be critical of the very substantial increases which have taken place in the offices of the Prime Minister and the Privy Council. Government business has increased very substantially in recent years as the government has taken on increasing functions such as universal hospitalization, medical plans, increased pensions, services and the Canada Assistance Act, to name just a few. Obviously it requires more people to administer these programs.

I agree that the Prime Minister's office, which is the central and focal point of cabinet decision making, needs a staff to do the job. I do not object to that. I would support the expenditure of the money for this type of program. However, I am concerned about a very rapid escalation in any type of assistance given to the Prime Minister's office, the Privy Council office and various government departments about which we know a great deal less.

I refer to contracting by the Prime Minister's office, government departments, boards and commissions like the CBC or the CRTC, the St. Lawrence Seaway or any one of the hundreds of government agencies that contract specific projects and services. I am not critical of this practice. I am sure that problems frequently arise that need to be studied and the Prime Minister's office, a government department, a board or commission does not have the expert technical advisers which they need. It may be that they are needed only for a particular task or study. After that is over, that person is not required as a permanent civil servant.

I am aware of the fact that if a problem arises which needs study and if a government department, board, agency or the Prime Minister's office requires quick action, following the normal course of hiring through the civil service, which requires publication of a bulletin, the acceptance and study of applications to find the person that qualifies, can take months. Although I have not had much experience with this, I suppose it could take a year or more. I accept the fact that on occasion it is necessary to hire particular people on contract. The point I am trying to make, and which I have spelled out in my bill, is my belief that Members of Parliament, the press, radio, television and the general public are entitled to know who is being hired, for what purpose and their remuneration.

Let me give a couple of illustrations of the kind of information which I think is necessary. On October 8, 1970 I asked a series of questions about the Prime Minister's office and the Privy Council office. My questions were as follows:

1. Since July 1, 1968, what outside consultants, individuals or companies, have undertaken studies or provided assistance, etc., for (a) the Prime Minister's Office (b) the Privy Council Office?

2. For both the Prime Minister's Office and the Privy Council Office, what were the terms of reference for each consultant or individual providing assistance?

3. For both the Prime Minister's Office and the Privy Council Office, what was the remuneration received by each consultant?

Eventually, I got a partial list of the people and organizations involved. I was not satisfied because I knew of several people who were working and had not been listed. I communicated with the Prime Minister's office and was given the information. In one case, I was told that the person involved was listed in the Public Accounts as having been hired as a consultant through the Department of Justice. That does not bother me very much except that it makes it very difficult to get information which we ought to have. We should know precisely who the people are and for what purpose they have been hired.

In the answer which I got from the Prime Minister's office, which I appreciated, I was referred to a question placed on the order paper on the same day, October 8, 1970, by my colleague, the hon. member for Moose Jaw (Mr. Skoberg). Although that question was of a similar nature, it asked for somewhat different information. The question reads as follows:

1. For the fiscal year 1969-70, what are the estimated expenditures for outside consultant studies for each federal government department, board, Crown corporation or agency?

2. For the fiscal year 1969-70 (a) what outside consultant studies have been undertaken or are presently in progress sponsored by each federal government department or agency (b) what is the cost for each outside consultant study (c) were contracts for these studies awarded by competitive tendering and, if not, for what reason?

The first answer which my colleague received referred only to the Prime Minister's office and the Privy Council office. It reads:

The total expenditure for professional and special services by the Privy Council Office during the fiscal year 1969-70 was $801,739. This amount includes the hiring of consultants and special staff for the Prime Minister's Office, Privy Council Office and task forces as outlined in Section 18 of the Public Accounts for the fiscal year ending March 31, 1970.

• (1710)

I do not know whether that $800,000 expended through the Prime Minister's Office and the Privy Council Office was near the average for each of the government departments, or whether it was more, or less, than they spent. I do not think that is important. Nor, as I said earlier, am I questioning the expenditure of this money. What I am saying is that we are spending, in the course of each year,

millions of dollars on studies, and I believe the public is entitled to know who is working for the government, what their tasks are and what is the amount of their remuneration.

I present this bill, I think, in an objective manner. I hope it will not be taken as a criticism, or as an attack on the government. It seems to me that individual Members of Parliament, whether they sit on the opposition side or on the government side, should be as interested as I am in getting this kind of information. It seems to me this is information which every citizen has a right to possess. No person who is employed on a contractual basis as a consultant should be any more reluctant to have people know that he or she is working for the government, or for a particular department, than a person who is a full time civil servant. I do not intend to discuss today in any detail my feeling, as expressed on numerous occasions, that the public has a right to be given the results of studies carried out by people who work for the government, whether as full time civil servants or as individuals hired under contracts. The point I am making, and I shall not belabour it, is simply that the people of Canada have a right to know what the government is doing, who is working for government, under what terms and for what purpose. It seems to me this is a bill which ought to meet with the approval of all members of the House, and I hope it will receive favourable consideration.

Mr. R. Gordon L. Fairweather (Fundy-Royal): Mr. Speaker, I should like to congratulate the hon. member for Winnipeg North (Mr. Orlikow) for raising what is obviously a very important issue. He has done so in an unusual way by proposing an amendment to a public bill. The issue is an extremely relevant one, whether it is raised by way of amendment to a statute or as a philosophical argument about administrative secrecy—I suppose that is really the term one should use. I particularly admired the objective way in which the hon. member presented his argument. He did not use his motion as a basis for criticizing the size of the staff in the Privy Council Office, or attached to the office of the Prime Minister; rather, he contended that with the increases in its proportions the public surely had the right to know not only what these people are doing, but the results of their labour.

About a month ago the Committee on Miscellaneous Estimates was considering the spending estimates of the Privy Council Office. Some of us were interested in the Legislative Secretariat which was doing, I am sure, admirable work. We could identify all the areas of research, but we had not seen the product. I believe that as members of Parliament we are entitled to see the results of studies which have been carried out. One example of particular relevancy is the work which has been done in preparing a code of ethics for parliamentarians. I believe these studies should be published, and not kept on a shelf or shuffled around offices with a secret stamp upon them.

It has been said that because we follow the traditions of the British parliamentary system we have yet to divest ourselves of one of its aspects, namely, the habit of administrative secrecy. There are several enlightened books on this subject. One of them, and I have mentioned it before in debate in this House, is by Brian Chapman.

[Mr. Orlikow.]

The title is, "British Government Observed". There is an excellent treatment, here, of what the author terms the sacred cow of administrative secrecy. Another informative book on this theme is entitled "Modern Capitalism". The author is Andrew Schoenfeld who discusses various forms of government in western Europe and the manner in which this question of secrecy is approached. I, myself, hope we can aspire to the example of Sweden where a public reference room has been established in which the public has access to all decisions, all reports made by government or contracted by government. The only exceptions are records which affect the privacy of individual citizens—income tax files, for example—or state bargaining with citizens and corporations in connection with the acquisition of land, and so on, where disclosure of information might affect the price. Lastly, of course, are papers which involve the security of the state itself. These are naturally excluded from public examination. As I say, though, all other records and reports are available to the public.

It is a great pity that we in Canada have so far failed to tackle this issue. None of us, I think, object in a general way to the contracting out of work on these studies which are constantly being called for by government departments. but we object very much to the results being kept secret. The equilibrium to be maintained between publicity and secrecy in government affairs is impossible to define in the abstract with any precision; direct conciliation of the competing claims must be done on the basis of individual cases. Yet no community which is apathetic toward reconciling these different claims can come close to striking a reasonable balance. Such a community may fall into the dominant or stable pattern of this country or of the United Kingdom in which administrative secrecy is widely practiced and, apparently, accepted. It is my thesis that we should take a very careful look at the basis for this acceptance. By way of contrast, American society tends to oscillate between the extremes of secrecy and publicity. We have had a startling example of this lately with the publication by the New York *Times* of "The Pentagon Papers". We have also had other examples relating to the Gray report and other data, and I hope I am understood to be objective here.

• (1720)

It is my opinion that the reason these leaks are occurring is the tightness of the regulations relating to keeping these documents confidential. No harm would have been done had the data supporting the Gray report been released much earlier than it was. I have a bit of a suspicion that the government did not very much regret that particular leak.

No society can attain an appropriate balance before there has been an intelligent debate on the theoretical, constitutional and practical issues involved. I hope that we are participating in perhaps one edge of this debate. The difficulties posed by combining increased government secrecy, the spread of government information services, the need for more reliable information on which to plan policy and the concern to protect individuals against misuse of such information are formidable indeed. But they will not be solved by repeating ritual slogans, like "open access" or "executive privilege".

I can add to these another that is a ritual when answers are given to questions or replies made to notices of motions for production of papers. One that we hear over and over again is that this is an intergovernmental matter and it would not be in the public interest to disclose the information. I think I can put words in the mouth of the hon. member who introduced this bill when I say that we who partake of this debate feel that it is very much in the public interest that there be a good deal more publicity, not less. I suggest it is only on the basis of careful study and reasoned discussion that we can understand the meaning of the choices that we have to make.

The complexity of modern policy making is a principal reason for the universal decline of legislatures as the source of policy alternatives. The example I always give when this question is discussed in academic circles is the famous one of the overhaul base for Viscount aircraft at Winnipeg. The government hired the Thompson firm of engineering consultants to recommend to the government whether the overhaul base should be in Winnipeg or in Montreal. Although this did not matter very much to members from constituencies other than in Winnipeg or Montreal we were supposed to stamp "approved" on the government's decision without, in effect, ever having access to the data which led the government to make that decision. By no stretch of the imagination could it be said that the location of the overhaul base at either Winnipeg or Montreal was a matter going to the security of the nation.

The complexity of modern policy making is a principal reason for the universal decline of legislatures, as well as this Parliament, as the source of policy alternatives. Most of the steps taken have enhanced the policy formulation and evaluation capacity of the executive branch. The celebrated knowledge explosion and the rise of the information processing industry have come to the executive branch in full force, but hardly at all to the legislative branch. Yet the problems of modern government have now become so technical and complex that the legislature has found it increasingly necessary to defer to the executive for answers and recommendations. Information has become an even greater source of power in our political system than it was previously.

The proliferation of information can also produce a situation of chronic information overload. This has been discussed in a book by Harold Wilensky called "Organizational Intelligence: Knowledge and Policy in Government and Industry". I do not want to take up very much time discussing this, though I think we will have to come, either in a committee of Parliament or in some other way, to an agreement on how we confront the problem of administrative secrecy, giving Members of Parliament a great deal more access to various reports and studies.

I think the greatest danger inherent in some recent developments is, if I can put it this way, the triumph of technique over human values. I think this is a very serious subject. This would result in what the great English constitutional expert Harold Laski once described as the "trained incompetence of the specialist", that narrowness of vision that often comes with immersion in a program or policy field. Surely, it is our duty as Members of Parliament to see that the trained incompetence of the specialist does not occur as a result of the input—to use a cliche—that we give. Someone put it a little differently when he said that it was our role to prevent extraordinary people from doing extraordinary things to us. That might strike hon. members as a valid reason for our seeking election.

Breadth of view must be combined with technical skill in effective policy making. Generally, the training of information technologists does not overcome their limited and political sensitivities. I hope that we, as Members of Parliament, can fill a very important gap in this chain. If we have a limited social and political sensitivity we should be moved away from this place when election time comes along.

Wilensky made the point well when he said:

> The danger of technicism is in direct proportion to the shortage of educated men. Too often the new technologists are methodological and exact in their specialized fields, but impressionable, naïve, and opinionated on broader issues of policy.

I do not quote this author as being in any sense critical of the public service. I see the public service and the elected member acting in some sort of concert, or orchestration if you like, with the technologist, and those who have experience as representatives of the people can add a different and important dimension to the whole area of policy making.

Technologists lack the critical common sense and trained judgment that mark an educated man. Hopefully, with some luck, we parliamentarians can fulfil an important role here. Executives who surround themselves with specialists must always be conscious of the limitations of the contributions of such individuals. It is now possible to arrive more efficiently at wrong decisions based on poor judgment and buttressed by awesome statistics than ever before. Ignorance cannot be the basis of sound policy making, but we must be sure that our definition of knowledge is not dangerously narrow.

Perhaps hon. members will feel that they have heard enough from me, but I cannot resist a final quotation which I think sums up my feeling on this issue. Again this is a quote from Harold Wilensky:

• (1730)

> To read the history of modern intelligence failures is to get the nagging feeling that men at the top are often out of touch, that good intelligence is difficult to come by and enormously difficult to listen to; that big decisions are very delicate but not necessarily deliberative; that sustained good judgment is rare. Bemoaning the decline of meaningful action, T. S. Eliot once spoke of a world that ends "not with a bang but a whimper." What we have to fear is that the bang will come, preceded by the contemporary equivalent of the whimper—a faint rustle of paper as some self-convinced chief of state—

With an obvious exception.

> —reviewing a secret memo full of comfortable rationalizations just repeated at the final conference, fails to muster the necessary intelligence and wit and miscalculates the power and the intent of his adversaries.

I am not applying any person to this quotation. I feel the issue raised by my hon. friend is such that if this bill should be talked out, it will come back again. But face the issue we must as a Parliament. I hope the facing of it can be done in as objective a manner as the amendment proposed by the hon. member. Even given some of the

perhaps hyperbole I have used, I would suggest that the public interest would be better served with a greater amount of openness.

I believe that in dealing with governments on some issues, because of the sort of cloak of confidentiality with which we surround ourselves the public becomes terribly frustrated. I have found that generally speaking the public will accept a person, warts, mistakes and all if he is honest and open with them. But what people do not accept is one more in a routine series of form letters cranked out by some computer giving a routine answer to a question which affects the individual citizen very much indeed. What sustains the existing practice of limited disclosure, I suggest, are outdated constitutional doctrines and a desire by the government to do its business in private without being put to the trouble of full explanation.

With great respect to the public service I would say there is bureaucratic inertia about facing this issue. I am sure, however, that many people in the public service would like to see the results of their studies receive much more public debate and, not less important—I have to admit this—consideration by an efficient and fair government. With that contribution, I say it is a great pleasure to support the hon. member's bill.

[*Translation*]

Mr. Fernand-E. Leblanc (Laurier): Mr. Speaker, the hon. member for Winnipeg North (Mr. Orlikow), sponsor of Bill C-19, entitled "An Act respecting employment with the Government of Canada not covered by the Public Service Employment Act" wanted to remain as objective as possible.

He often mentioned that his purpose was objectivity and not criticism of expenses, and he feels that this list, as now published, does not adequately meet the requirements of the population, of journalists, or of some politicians.

The hon. member spoke for a few minutes particularly of increased expenses in the office of the Prime Minister (Mr. Trudeau). I remember that a few years ago, when I was Chairman of the Standing Committee on Miscellaneous Estimates, the Treasury Board estimates were referred to the committee. On that occasion, we fully discussed the people who, on a contract basis or otherwise, worked for the Prime Minister's office. We supplied, at that time, a complete list of employees, with their remunerations and appropriate comments. If the hon. member had had the opportunity of attending some of the committee meetings during which the expenses of the Prime Minister's office were examined, he could readily have obtained all explanations deemed necessary to make sure that government funds are being properly used.

It can however be wondered why expenses of the Prime Minister's office have been increasing since 1968 and specifically since the election of the present Prime Minister. For him it is a matter of trying to instill "participatory democracy" into the people.

An hon. Member: Oh, oh!

[Mr. Fairweather.]

Mr. Leblanc (Laurier): A Créditiste laughs at that, but we are in fact engaged in participatory democracy. Surely there must one Créditiste in the House—no, there are two!

The present Prime Minister wanted the people to participate in the administration of the government and because of this he receives more communications, letters, briefs than any of his predecessors ever received. Naturally, there is more work than can be done by one person; that is why, at the present time, the Prime Minister must hire additional personnel to answer his voluminous correspondence and also to attend to the proper operation of his office. The people surely expect the office of the Prime Minister to be managed in an orderly fashion and that experts supply the requested information.

On the other hand, it is also true that some of my constituents do write directly to the Prime Minister's office and send me, later on, a copy of their letters. I personally know that many people in my riding are writing to the Prime Minister.

Concerning the reviewing of expenses I have just mentioned, it was very easy to check those of the Prime Minister's office or of any department, since the explanatory note of Bill C-19 reads as follows:

> The purpose of this bill is to provide information to the public what contracts of employment are entered into by the office of the Prime Minister or by government departments.

However, the title of the bill itself refers to "Employment with the Government of Canada" and I wonder whether the words "Employment with the Government of Canada" could not be more widely construed than in the explanatory note.

• (1740)

We could include in the same bill the persons hired by the Speaker of the House of Commons, as the secretaries of the members, the staff of the protection service, pages and messengers who do not come under the public service. The list of such employees and their wages is not disclosed.

We could also apply that bill to the personnel hired by the Speaker of the Senate who also has prerogatives as well as to the staff of government agencies and to the Crown corporations.

Indeed, I wonder if even the manpower centres could not also publish every month a list of the many individuals for whom they find employment and if the interpretation of the explanatory note given by the member for Winnipeg North is right or whether the bill under consideration gives to the term "Government of Canada" a general meaning, because we would then have to include all the positions which I mentioned and probably many others.

I should like to state, by the way, that I am fully confident in the Public Service Commission and that I do not believe that it should have to publish each month the list of vacancies it fills. I want to pay tribute to the Public Service Commission which, for the past four years, has been appearing before the committee which I have the honour to preside. All questions are always answered in a satisfactory manner. Furthermore, the commission itself is well managed by competent commissioners who know

how to carry out the studies required to ease the task of public servants; it is remarkable that the quality of the public service keeps improving, as does that of all hon. members incidentally.

Speaking of publications, as the sponsor of this bill stated, we must also bear in mind the cost of such publications and try to avoid duplication. The Committee on Public Accounts, a member of which I was for many years, has seriously considered the tabling of public accounts and, particularly, the granting of contracts of employment undertaken by the departments.

So, we studied this problem for many years because we thought that the public accounts were too bulky and that a person who was not too familiar with a government institution would have some difficulty understanding them, especially as some relatively small expenses did not appear in public accounts. This is why there were changes made in the format of public accounts.

So, if my hon. friend who presented this bill very objectively wants to get further information concerning hiring contracts entered into by the various departments, I shall be very happy to refer him to public accounts, volumes I-III, 1970-71. In volume II, sections 28, 29, 30 and 31, he will find exactly what he wants. I refer here to section 28 of 1970-71 public accounts entitled "Professional and Special Services (with individual payments of $2,000 or over)—and this is probably what my hon. friend had in mind, besides the employees of the Prime Minister's office which he also mentioned—where I find the information requested by the hon. member.

If a list of expenses of $2,000 or more only is published now, it is to comply with a recommendation made a few years ago by a standing committee of this House. The list of departments is given here: Agriculture, Communications, Post Office, etc. Here is what one can find about the Department of Agriculture:

Analyst fees
Artificial insemination services
Boarding house operations

Cattle backtagging—

Under the Canadian Lifestock Feed Board, we can read:

Pre-audit services
Stenographic and typing services

Economic consultant services

Under the Communications Department, we find:

Clerical and secretarial services

Names are given as well as amounts of expenses of $2,000 or more.

With that, Mr. Speaker, one can hardly complain. Maybe the government should, apart from that, publish every month in the *Canada Gazette,* a list that would be endless, I believe, and very costly. The more so since apart from the public accounts, where the figures called for in this bill are available.

We also have the orders in council which are tabled regularly and made available at all times to hon. members and which give certain details. Certain credits must be approved by the Treasury Board when they are above a given amount. So there again, expenses are controlled. Moreover, the Auditor General still controls expenses and tells us whenever he believes some expenses are unjustifiable.

With the explanations I just gave, I am sure my hon. friend from Winnipeg North will not mind the fact that I do not agree with him. Besides, it behoves the opposition in the House to discuss and exchange views on certain points. After all, I believe the list of publications I mentioned a while ago is sufficient to respond to the object of the bill before us.

Mr. André Fortin (Lotbinière): Mr. Speaker, I do not want to take too much of the House's time as I hope this bill will be adopted before 6 o'clock tonight.

I wish to congratulate the hon. member for Winnipeg North (Mr. Orlikow) who has introduced it and assure him of my support in respect of this bill.

I thought that this measure was quite reasonable since the principle was to determine where the taxpayers' money goes and how it is spent, the duty of a member being to control the public administration. In fact, I thought this bill would be unanimously endorsed by all members.

However, after hearing the speech of the hon. member for Laurier (Mr. Leblanc), I believe I should review this case in order to place the debate in its true perspective.

What is Bill C-19 aiming at? Is it concerned with artificial insemination or any of the subjects mentioned by the hon. member for Laurier? Not at all. The sole purpose of this bill is to provide information to the public about the contracts of employment entered into by the Prime Minister's office or other departments. That is all. No additional information is needed since it already appears, as he has mentioned, in the Public Accounts. This information can also be found in other documents published by Crown corporations. But the details we know nothing about are those concerning the administration of the various departments and particularly of the office of the Prime Minister (Mr. Trudeau).

• (1750)

These are things we do not know anything about and neither does the hon. member for Laurier.

According to some people in this Parliament, more than 80 persons work for the Prime Minister's office. Other reliable persons whom you and I know well, Mr. Speaker, claim that more than 120 persons work for the Prime Minister in his office here in Ottawa. Other equally reliable sources state that the Prime Minister's office includes still much more persons, over 225 if we take into account the offices scattered in the main cities of the country. And what are these people doing? Someone spoke previously of participatory democracy, which is absolutely ridiculous because the offices do not consult people before a bill is passed. Their sole purpose, according to what we understand—and here again the hon. member for Laurier should prove the contrary if he knows so much—is to tell the Prime Minister what public opinion is after bills have been passed, and that is not political participation.

Anyway, though I might be mistaken, Mr. Speaker, the fact remains that nothing is being said on the matter, that everything is being kept secret, that they will not reveal the nature of these expenses, the number of hirings and so forth.

Mr. Speaker, I would rather be proven wrong and then the hon. member for Laurier will show the need for that bill, thereby avoiding confusion across the country and the doubts one might justifiably entertain since this involves the taxpayer's money. It stands to reason that such information should be supplied.

May I remind him that in today's newspaper *La Presse* it was stated that the booklet "How your tax dollar is spent" has a pre-election flavour, that it hides and interprets some public expenses such as, for instance, the interest on the public debt. The government members find that funny, but the chapters concerning the moneys we contribute to service the public debt are skipped. The chapter on the role of Parliament is also skipped and the facts are being interpreted in favour of the government. However, the booklet "How your tax money is spent", in which readers find publicity for the government and an apology for its policy, has cost $72,625 to the taxpayers. According to the information provided in *La Presse*, over 528,000 copies of that publication were distributed through government agencies.

Mr. Speaker, it goes without saying that if on the one hand the government deems it necessary to tell people how their tax money is spent—and on that point, I am in full agreement—I consider on the other hand that hon. members should also have the privilege of being told how some moneys have been spent at the level of departmental management.

Mr. Speaker, before concluding these short remarks, I should like to tell one thing to the hon. member for Laurier, who has not yet learned about the tolerant standards of this Parliament. I would remind him that counting the number of members in the House is absolutely ridiculous. I would tell him that if I wanted—and I will not do it, Mr. Speaker—to point out the lack of quorum his whip and his party would be in a rather bad situation. There are only 12 Liberal members in the House. If we wanted to count the number of members here tonight it would show how low we have reached.

However, one thing is for sure: The créditistes members present in the House are prepared to work. We are supporting Bill C-19 because we want to know what the government is doing with the taxpayers' money.

If the government has nothing to hide about its expenditures to Parliament and the people then why is it against this legislation? If the government is convinced that departmental expenditures are legitimate why is it trying to hide these public expenditures?

Mr. Speaker, I will conclude my remarks with this, hoping that this bill will pass.

Mr. Leblanc (Laurier): Mr. Speaker, I rise on a point of order.

The Acting Speaker (Mr. Laniel): The hon. member for Laurier on a point of order.

Mr. Leblanc (Laurier): Mr. Speaker, I have been attacked by the hon. member who just had the floor. Actually, he referred to an article published in *La Presse* and dealing with a document entitled "How your tax dollar is spent". He called it an electoral document. Now, if he goes back to page B 9 of *La Presse*, he will see that there is no question whatsoever of an electoral document—

[Mr. Fortin.]

The Acting Speaker (Mr. Laniel): Order. I would ask the hon. member for Laurier to resume his seat. I must point out to him that the question he is raising is essentially argumentative and according to the House Rules it does not meet the requirements of a question of privilege or a point of order.

[*English*]

Mr. Maurice Foster (Algoma): Mr. Speaker, the purpose of Bill C-19, proposed by the hon. member for Winnipeg North (Mr. Orlikow), is to provide information to the public on contracts of employment entered into by the office of the Prime Minister or by government departments. As such, it seems a rather innocuous bill. I am sure there is a great deal of interest in the Prime Minister's staff and surely it would not be a big problem to administer this bill if it were passed. However, the difficulty would be in administering the bill in so far as it extends to something like 230,000 civil servants in government departments. Also, I presume CNR employees and others would be affected by it.

The hon. member wants information about people working under contract in the Prime Minister's office; he wants to know their names, their specific duties and how much they are paid for the services they render to the government. Surely this information would be of interest to many people. However, it seemed to me the hon. member weakened his argument when he talked about placing questions on the order paper. Many of us place all kinds of questions on the order paper relating to public policy and matters on which we feel there should be public information. I do this with respect to my own riding. Sometimes it is quicker to get information in this way rather than contacting a minister directly, particularly if the subject matter is of a continuing nature extending over a number of years.

If the bill covered only staff in the Prime Minister's office it could be of great value, but the hon. member weakened his argument by saying the information was given to him. I believe another hon. member also said he asked for information along the same lines, and got it.

Mr. Orlikow: A year late.

Mr. Foster: When he thought it was not adequate, he simply phoned the Prime Minister's office and received additional information. Perhaps if the hon. member for Winnipeg North had simply phoned the Prime Minister's office in the first instance he would have received all the information he seeks. The problem with this bill is that it seems to reach out to include all other contracts; for instance, those issued under the Local Initiatives Program and the Opportunities for Youth program.

The Acting Speaker (Mr. Laniel): Order, please. The hour appointed for the consideration of private members' business having expired, I do now leave the chair until eight o'clock.

At six o'clock the House took recess.

AFTER RECESS

The House resumed at 8 p.m.

GOVERNMENT ORDERS

FOREIGN TAKEOVERS REVIEW ACT

MEASURE TO CONTROL FOREIGN TAKEOVERS OF CANADIAN COMPANIES

The House resumed consideration of the motion of Hon. Jean-Luc Pepin that Bill C-201, to provide for the review and assessment of acquisitions of control of Canadian business enterprises by certain persons, be read the second time and referred to the Standing Committee on Finance, Trade and Economic Affairs.

Mr. Schumacher: Mr. Speaker, at five o'clock I was quoting from a speech made by Mr. A. H. Ross, president of Western Decalta Petroleum Limited, a Canadian company located in Calgary, in reference to jobs for Canadians in the mining and petroleum industries because it has been said in this debate that this is not a proper type of investment. When we went into private members' hour I had just started to quote Mr. Ross. He said as follows:

> Unfortunately at this time little good statistical data is available with regard to the over-all effects of the oil industry. A study of this subject is under way between industry, the Alberta Energy Resources Conservation Board and the National Energy Board but it will probably be over a year before any tangible results are forthcoming. However, various estimates have been made and I will attempt to go through some of them with you. In Alberta Professor E. J. Hanson of the University of Alberta stated in his book "The Dynamic Decade" with updating in 1966, "The economic effects of the petroleum industry upon the province have been large and far reaching transforming a mainly rural and agricultural society into an urban, industrialized one. Alberta was a one-industry economy with limited opportunities for labour and capital—the population would have declined if petroleum had not begun its rapid development—instead of 700,000 people in 1961 there were 1,332,000" and today, 1,639,494—"the petroleum industry has almost doubled the level of employment in Alberta since 1946—the estimated revenue contribution by the oil industry for 1964 was 47 per cent of all personal disposable income" over 50 per cent today. Finally, he concludes that "in the last two decades, the exploration and development activities of the petroleum industry have been prime generators of economic growth—and the skills and abilities of the labour force have been upgraded greatly—with the continued expansion of the petroleum industry being of vital importance to the region."

• (2010)

> One has only to consider enterprises like Alberta Gas Trunk Limited, Atco Industries, Kaps Transport, PWA, Transair, Banister Construction, to realize the opportunities outside the actual exploration and development sector which have been created for Canadians. Alberta has become the research and development centre for Canada for such things as off-highway transportation vehicles (which are being sold all over the world including Russia), solid pipelines which could have major implications for mass transportation of Alberta's coal and sulphur, and the application of computer science to mineral exploration which has already made Calgary a major data processing centre.
>
> Another major contribution of the petroleum industry is the large scientific and managerial community which it has established in the west. This industry has attracted scientists and managers from abroad and has been responsible for the repatriation of many highly trained Canadians who had emigrated to other countries. With about 7.6 per cent of the labour force in Canada, Alberta has 42 per cent of the total number of professional geologists (in the order of 1,300) and 30 per cent of the professional mining engineers. As of January 1, 1967, it is estimated that 90 per cent of the petroleum geologists employed in Canada were located in the three western provinces.
>
> Added to the geologists, geophysicists, and engineers are a great number of technicians and other professional employees associated with the petroleum industry. A sizeable reservoir of highly trained people are now available in Canada. This scientific and managerial community has provided the initiative and expertise for the formation of Canadian oil and gas firms, for a drilling industry about 90 per cent Canadian-owned, for Canadian firms to participate in overseas exploration in the United Kingdom, North Sea, Indonesia, Africa, and for opening up the Canadian north. This technological base in Canada will prove to be a significant factor in Canada's development in the future and a significant factor in attracting secondary industry to western Canada.

Then he mentions how much the resource industries have contributed by way of taxes, royalties and other fees to the governments of the west. It is not accurate to say that those industries contribute nothing toward the government of this country. True, they may not be high on the list of those contributing to federal corporation taxes but they certainly contribute much to the provinces in which they operate.

Earlier when I was speaking the minister asked what it is that I propose and added that my attitude seemed to be totally negative. Before dealing with that matter may I say that we must pay attention to Canadian investors if foreigners are to be prevented from investing in this country. Unless the government's attitude is different from its attitude of the past there will be little sense in preventing takeovers by foreigners. Who will take over a business if nobody wants to take it over? That policy might make sense for monied people in central Canada who may want to go to the fringe areas and snap up businesses at bargain prices.

Actually, one foreign company is trying to Canadianize, so to speak, one of its subsidiaries. In this connection may I quote an article carried in the Toronto *Star* of May 27. I was somewhat surprised to find this story in that newspaper, in view of the strong editorial bias in favour of the NDP and the Committee for an Independent Canada shown by that publication. This bias results from the strong influence of Mr. Walter Gordon on the editorial policy of that newspaper. The headline reads, "U.S. firm is planning takeover of gas company—by Canadians." The article speaks of the efforts of Pacific Gas Transmission Co. of San Francisco to dispose of its majority interest in its subsidiary, Alberta Natural Gas Company Ltd., and contains this passage:

> Charles Smith, president of Pacific Gas Transmission Co. of San Francisco, says his company wants Canadians to own 55 per cent of a Pacific Gas subsidiary, Alberta Natural Gas Co. Ltd. Canadian ownership is now 33 per cent and Pacific Gas owns the rest.
>
> Though market analysts consider Alberta Natural Gas a sound investment, there has not been enough Canadian interest to realize Smith's goal.
>
> Smith said his company is offering the shares because the move "gives recognition to the Canadian government's policy of

encouraging maximum participation by Canadians in the ownership of companies which transport natural resources within Canada."

Pacific Gas would retain effective control of the company, however, with its 45 per cent shareholding.

Alberta Natural Gas owns and manages the Canadian section of the 1,400-mile Alberta-California natural gas pipeline, a vital link in the North American energy network.

The article then says that the company tried twice to dispose of its 55 per cent interest in its subsidiary and failed, and it plans to make another offering in the fall. That leads me to my next proposal for increasing Canadian ownership of our economy. The hon. member for Edmonton West (Mr. Lambert) touched on this point last night when he said that former estate taxes and present provincial succession duties have prevented Canadians from accumulating the funds necessary for investment in this country.

Mr. Benjamin: Oh, boy!

Mr. Schumacher: Pressure from those on my left has brought about this trouble. They decry the lack of Canadian investment in this country yet bring forward proposals under which the government, by taxation, would take all available money from our people. The government, possessing all money, will invest and leave no money in the hands of the people for investment. I for one do not accept that principle and would rather see the Americans owning everything than a Canadian federal government.

Mr. Benjamin: That figures.

Mr. Schumacher: That is what my friends to the left would propose. I have mentioned an extreme case, one that I hope will never be realized; nevertheless, that situation would result from following the proposals of those to my left.

Mr. Woolliams: That is why the Premier of Saskatchewan wants American money.

Some hon. Members: Oh, oh!

Mr. Nystrom: He wants equity capital.

Mr. Schumacher: Instead of bringing forward a master plan and steps for nationalizing industry, as advocated—

Mr. Horner: By the Benjamins of this world.

Mr. Benjamin: The people want to own their own Canada.

Some hon. Members: Oh, oh!

Mr. Speaker: Order, please.

Mr. Schumacher: Instead of introducing such a master plan, why does the government not put many small things to work? I think there is room for improvement in cabinet. Furthermore, I am advised that long distance lines between Calgary, San Francisco and other points in the United States are tied up most of the night. They carry computer data material for use in American computers. We ought to act to keep this kind of work at home. That would make sense.

Also, it makes sense to put Canadians on the same footing as foreigners. For instance, Americans are entitled to set losses in exploration against income. That privilege ought to be extended to Canadians. Furthermore, Canadians should be entitled to invest part of their taxable income in the industries of this country and such moneys ought to be deductible from their income. It is also important for our laws in this regard to be developed further.

Although the federal government may be without power in some fields, it ought to encourage the provinces to act. For instance, we ought to make certain that enough Canadian citizens sit on the boards of directors of federally chartered but foreign-controlled companies which operate in Canada. That is my view. I also agree with one point raised by the hon. member for Egmont (Mr. MacDonald). I do not agree with him all the time. I agree with his suggestion that there should be a revision of the Bank Act to ensure that Canadian investments are funded in Canada, not through chartered banks in the United States and then brought back into Canada in the form of foreign control. I do not see any reason for that.

• (2020)

I also believe that the immigration practices of the government should be tightened up considerably to ensure that graduates of Canadian universities and trade schools have the first opportunity to obtain employment in Canadian industry. There should be an application of the doctrine of reciprocity in relation to countries that want to invest in Canada. Countries which put up bars to our investing in their countries should receive the same treatment from Canada: the principle of selectivity should be applied in this regard.

This bill is not too strong at the present time and it is being decried by the party to my left. I feel it is a negative approach to the problem; it restrains and restricts rather than encourages Canadian ownership. I do not think that is the right approach. I cannot say that I have a great deal of confidence in this administration. If the situation were not so bad we would have had a much tougher measure. If something happens we will probably be in for more restrictions. Our only protection is that nothing will happen along this line as long as this government is in power, because we would be plagued with unemployment.

If the worst came to the worst, as the hon. member for Fort William (Mr. Badanai) said, and the NDP took power I would be afraid to have on the books this piece of legislation on which they could expand. They say they will vote against the bill. I do not know why. Surely this is part of their program.

Mr. Horner: It is not enough for them.

Mr. Schumacher: As the hon. member for Crowfoot (Mr. Horner) says, the trouble is that it is not enough. I still do not understand their reasoning in this regard. I have grave doubts about the ability of this bill to solve the problem. However, at this stage there is hope that better criteria will be written into the bill for the guidance or, if necessary, the control of the minister in making decisions. As things now stand, the minister has too much discretion

to decide what is good for Canada. These tests are quite subjective. The way the government decided what was good for Canada in its division of money under DREE grants does not leave me much confidence in its ability to assist in the development of regions of Canada which lie outside Ontario and Quebec.

Mr. Chas. L. Caccia (Davenport): Mr. Speaker, the criticism of this bill is partly because of the high expectations of those who patiently waited for an announcement, and perhaps partly because of the view held that this is the only action of the government in dealing with foreign ownership. However, if one approaches this bill as representing one of a series of initiatives preceded and followed by other initiatives, then the picture that emerges over the years shows a definite trend.

It is clear that we are moving in the direction of more Canadian control of our economy, a process that will accelerate in the next few years for these reasons. In the past few years we have begun to develop in Canada new products and processes for world markets. Here are some examples, Mr. Speaker: PT6 gas turbines, STOL aircraft, machinery for an asbestos milling process, aluminum transmission towers, aluminum hopper cars, hydraulic precision tooling sold to the U.S.A. for use in the construction of space-ships, amphibious water bomber aircraft to put out forest fires, snowmobiles, crash position indicators and flight data recorders used by airlines, snow removal equipment, foam-form-block building materials, electro-vert wave soldering equipment, an organic foam spray to protect perishable crops from frost, the "Voyageur", a cargo vehicle which rides on a cushion of air. These are just a few.

Another reason is that we have shown ourselves to be capable of generating enough capital in Canada to support our own growth. This is a very recent development. Further, the incentives included in the new Income Tax Act which became effective in January, 1972, will encourage greater formation of Canadian capital in the interests of Canadian industry. These measures have been outlined by hon. members who preceded me. The Canada Development Corporation is now in operation to participate as a shareholder in the creation and expansion of Canadian industry.

Another measure is the ministry of Science and technology which was created last year to advise the government on the investment and application of science and technology in the pursuit of national goals. More money has been granted for research and development of new products and processes. For example, in 1971-72, $31 million was made available for support of some 900 projects for the expansion of scientific research and development under the Industrial Research and Development Incentives Act. This is also true of the program for the advancement of technology. In 1971-72 approximately $28 million was paid under this program in support of 141 Canadian projects, a sum equal to the total amount paid in the previous four years combined.

The Industrial Development Bank has stepped up its operations considerably. In 1971 it made more than 4,000 loans to Canadian businesses for a total of approximately $200 million. As mentioned by others, there is the CRTC and its work to ensure that the national broadcasting system will be owned and controlled by Canadians. There have been positive repercussions in the development of Canadian talent and a Canadian musical industry.

Today we have this bill on takeovers. It is just one more step. If one looks for a moment at the initiatives of this and the preceding government over the years in this area of policy, one can see that they fall into two main categories. There have been initiatives which consist of control legislation such as this bill. I hope this bill will be followed by the establishment of an agency to screen foreign investments other than just takeovers. The other category of initiatives consists of programs and measures to stimulate the growth of new, Canadian-owned industries. These two approaches, as they grow in scope and emphasis will lead to our gaining greater control over our economy and cultural environment within a short period of time.

• (2030)

[*Translation*]

Mr. Réal Caouette (Témiscamingue): Mr. Speaker, I listened very carefully to the comments made by the two previous speakers in respect of Bill C-201 that the minister would like to see adopted on second reading and referred to the committee as soon as possible. By the way, the minister came to ask us if other Créditistes members wanted to take the floor in order to find out whether the House could adopt the motion for second reading tonight.

I find that the government or the party in power is acting in a rather strange way. If one day my colleagues are attending a committee session and are not present here in the House, the hon. member for Papineau (Mr. Ouellet) accuses the Créditistes of being absent from the House. When we are here, it is the minister who comes to ask us whether it would be possible for us to stay away from the House in order not to get involved in the discussion on a bill.

Therefore, it would be necessary to know exactly what the government or the party in power wants.

An hon. Member: They want us to be slaves.

Mr. Caouette: Mr. Speaker, this is nothing but a point I am trying to make. I do not know whether more of my colleagues will rise tonight but, anyway, we are anxious to see this bill referred to the committee for study so that Parliament may assume its responsibility with regard to foreign investors, foreign control over our economy, especially by the United States.

Mr. Speaker, this situation of economic takeover by a foreign nation is not exclusive to Canada. The same phenomenon is found all over the world. When we visited India some years ago, we realized that British subjects were in control of its economy in spite of India's status as an independent country.

Recently, I visited Cameroun which became independent in 1960 but is still controlled by France. In Iran, for instance, where we attended the interparliamentary conference, we saw that the U.S.S.R. controls the economy. In fact, I went out one day with Senator Maurice Bourget as far as the Caspian Sea where caviar is produced. We were told that the caviar produced in Iran, on the shores of the

Caspian Sea, is entirely controlled by the U.S.S.R. which lies across the Sea from there. Economic control is thus achieved somewhat this way.

Viet Nam is under French commercial control and American war control. Cuba is under U.S.S.R. control. In Cuba, the economy is not in the hands of Fidel Castro but in those of the U.S.S.R. And if Fidel tries to escape this, the USSR will punish him.

The same thing happens in Czechoslovakia and in all satellite countries of the USSR. Not only their economy but their social policy as well are directly controlled by the USSR. In Czechoslovakia, only 3 years ago, students wanted to rebel against the government or to recover part of their freedom—that of being allowed to put their thoughts on paper. They even called on the Russian army, on Russian tanks, to come and crash the rebellion of those students who had no right to try and recover the freedom which their parents had lost 28 or 30 years ago. The students of 28 or 30 years ago fought the revolution and today their own children are not even allowed to try and recover a small part of their freedom.

Mr. Speaker, this does not mean that we in Canada should follow on exactly the same steps. Investors, no matter from where, will invest as long as they find it profitable.

My friends of the New Democratic Party often say, in reference to Americans: We are not opposed to foreign investment. Only, as soon as a company comes to invest in Canada and makes profits, we will ask that it be nationalized. Why do my hon. friends from the New Democratic Party not take control of their economy in Manitoba and Saskatchewan?

I was in Manitoba not so long ago while the New Democratic Party administration was about to borrow $50 million from the United States, at an interest rate of 9.2 per cent, for the development of a hydroelectric project. The day before, I heard on television the federal leader of the New Democratic Party speaking against the Americans, against the economic control of Americans in Canada, while the next evening, the Minister of Finance of the Manitoba New Democratic government was calling for assistance from the United States, and saying how warmly he had been welcomed in that country!

At this time, the province of Manitoba is about to borrow $300 million from the United States—

Mr. Benjamin: We own the power!

Mr. Caouette: They own the power, the power to borrow money. These people do not even know where they are going. They are going to borrow some money from the Americans at a rate of 9.2 per cent, and then they come and tell us that they own the power!

An hon. Member: Just like René Lévesque.

Mr. Caouette: Yes, like René Lévesque!

Mr. Speaker, as I just said, Manitoba is getting ready to borrow $300 million in the United States, at current rates. The Americans will lend it to them because it is good business. In fact, none of them complain about those loans to Canada, loans that are not based on American resources but on the development of Canadian natural resources. We are borrowing figures from the Americans. I say categorically that so long as we do not control credit in Canada, we will never be the masters of our economy.

Last night, I heard over the CBC news the indictment of the Quebec premier (Mr. Bourassa) against federal authorities. He requested from the federal authorities more powers to be able to spend more. But what is meant by powers to spend more? Nothing keeps the Quebec premier from increasing his taxes, under the present system, to spend more. What keeps the premier of Quebec, as well as those of Manitoba, of Saskatchewan, from making representations to the Minister of Industry, Trade and Commerce (Mr. Pepin) who wants to prevent foreign control of our economy? What keeps those provincial premiers from coming to Ottawa and making representations with a view to using the services of the Bank of Canada?

• (2040)

What would be funny about using the Bank of Canada?

When Mr. Bourassa borrows $100 million in the United States, as he has just done, at 8 per cent interest for 25 years, during that period we will pay $200 million in interests alone and we still owe the full capital amount, that is $100 million. We will have to pay back three times as much as the amount borrowed.

Will the Quebec premier return from the United States with a carload of American dollars? No, he will return with a slip of paper which we call a promissory note on which will show that amount, $100 million, and the premier's signature. The note is endorsed by the province of Quebec and the trick is done! On what are those $100 million based? On American resources? They are based on Quebec projects, on the natural resources of the province as well as on the natural resources of Manitoba and those of Canada as a whole. What is the difference between a $100 million figure written by the Americans or by Mr. Louis Raminsky, Governor of the Bank of Canada, a national institution authorized to grant loans?

I have just read in the Bank of Canada Act, sections 13 and 20, that the Bank is authorized by Parliament to issue loans to the federal and provincial governments for periods not exceeding 6 months. What can they do in 6 months, Mr. Speaker? Not much. A province cannot even turn around and undertake any project, that it must repay the loan forthwith.

So, we say: Let us do for the provinces what we are doing for foreign countries. This morning, I received a news release from the Canadian International Development Agency. This was most interesting. I quote:

Canada is providing Nigeria with a $5 million interest-free loan—

—not at a rate of 9, 8 or 6 per cent, no, but interest-free! There it is in print—

Mr. Pepin: Canadians are paying the interest.

Mr. Caouette: The minister states that Canadians are paying the interest. I thought that he was smart, but I have serious doubts now.

Mr. Speaker, it is awful to get such an answer from a responsible man, a minister of a so-called sovereign government. I will deal with the subject of sovereignty in a few minutes.

I keep on quoting:

—a $5 million ... loan to help it ease its foreign exchange problems.

Another release announces a $14 million loan to Tunisia. That makes $19 million and the interest will be paid by the Canadian people, according to the minister.

Mr. Speaker, according to the news release, the loan contract covers the provision by Canada of:

—22 diesel electric locomotives ... along with spare parts, tools and related equipment.

That loan is for $9.3 million. The locomotives will be assembled in Montreal—

Whenever we ask the same facilities for the Canadian people, through the Bank of Canada, we get the following answer: With such credits, foreign countries buy in Canada!

An hon. Member: That's it, we shall buy in Canada.

Mr. Caouette: That's it. We know it and we would be silly not do do it. But let us make sure that they buy in this country with the interest-free loans we grant them.

The province that would get interest-free loans would buy in Canada as well as the municipalities and the Canadian government.

The Secretary of State (Mr. Pelletier) said recently: But the Créditistes do not tell you that those countries must buy in Canada. That would be the last straw: grant them credits to enable them to buy in Russia. That would be something.

Mr. Speaker, we do not want foreign aid to be abolished. Far from it! If we can increase it, let us do it. However, let us do the same for the provinces, the municipalities and the federal government which is always flat broke.

An hon. Member: That's true!

Mr. Caouette: Mr. Speaker, I will now deal with foreign ownership in our economy. I agree that we must prevent all of our economy from belonging to foreigners. However, it should be possible for those people to invest in this country if they hope to make a profit. Canadians who are investing millions of dollars in the United States are not doing it for the pleasure of it but because they are making money. Some corporations are selling their shares to Americans. Why? Because they are getting paid. It is that simple.

So, if we want to keep control of our economy, let us establish an economic system profitable to the individuals. This is the only way of increasing our economic growth.

An hon. Member: This is socialism.

Mr. Caouette: Mr. Speaker, when I hear the NDP members it makes me laugh. As I have already said outside the House, and I will repeat for my hon. friend's information, a socialist is someone prepared to distribute anything that belongs to others but not what belongs to him.

For the last few days we have heard them asking: Why not nationalize the Canadian Pacific? Why? Because the Canadian Pacific is making a profit whereas the Canadian National has a yearly deficit of $270 million which is quite normal since it is a crown corporation. This is socialism as understood by the NDP. The private corporation offers better services yet makes a profit. And this is found funny.

Even Saskatchewan which has been governed by socialists for almost 25 years is the worst administered Canadian province. I went there just three weeks ago.

All government industries created in Saskatchewan by the NDP or CCF have closed because they were not viable. There is no personal initiative in this. As for the cardboard manufacturers and all kinds of gadgets invented in Saskatchewan they are no longer wanted by the people. The people are fleeing to Alberta and British Columbia to escape Saskatchewan socialism.

Mr. Speaker, I will go farther than that. A few years ago even the rats would not live in that province. The province of Alberta had to spend millions of dollars to prevent them from crossing the provincial borders.

[*English*]

Mr. Benjamin: Tell your supporters that.

Mr. Caouette: I will tell my supporters, but you should tell your supporters too.

[*Translation*]

At the present time, all socialist countries in the world are experiencing a recession and members of the New Democratic Party would have socialism introduced in ours. When asked to propose something positive, they give no answer.

At a large meeting of waffles and anti-waffles in Winnipeg, the national leader of the New Democratic Party was seen shaking his two fists against the American people. The day after, the Manitoba Finance Minister returned from the United States and stated: They unfolded the red carpet to loan me $50 million. What hypocritical guys they are!

If I was not aware of their theories I would not mention them, but I happened to study the CCF philosophy when I was 20 or 21 years old. Therefore, I know it. Perhaps these people have never met Mr. Woodsworth in their life. For your information, I can say that I met him. In fact, I have read everything he wrote. Better still, their former leader, the hon. member for Nanaimo-Cowichan-The Islands (Mr. Douglas) in 1935 campaigned in Saskatchewan in a jalopy. In order to obtain more votes, they had written on one side of the car: Vote CCF. And on the other side, one could read: Vote Social Credit.

• (2050)

My hon. friends in the New Democratic Party show their faces and as long as they do it I will tell them a few home truths. Let there be no doubt about it.

I should like to quote a few former presidents of the United States. Thomas Jefferson said in 1801, and I quote:

I believe that banking institutions are a greater menace to freedom than armies in action.

They have already mobilized a money aristocracy that defies the government.

The minister of Industry, Trade and Commerce knows that very well. Besides, some years ago, he acknowledged that the money aristocracy obviously was defying the government.

The quotation goes on:

The issue of banknotes should be taken away from the banks and turned over to the people to whom it properly belongs.

That is where it hurts, the cause of all the problems we hear about today.

Mr. Speaker, John Adams, former president of the United States, made the following statement in 1826:

The problems, confusion and anguish of the United States are not so much the result of the weakness of their constitution, of their confederation, or of a lack of honour or virtue as the result of sheer ignorance of the nature of money, credit and money circulation.

As far as industry and economy are concerned, these comments would indeed apply to the situation in Canada today.

The problems, confusion and anguish of Canada in 1972, with all the measures which are being introduced, are not so much the results of weaknesses in our Constitution. At every federal-provincial conference, the talk is on constitutionality but no one knows what changes should be made in the Constitution. It is suggested that it must be amended and repatriated. Nobody knows what to do, the only thing being to set up commissions to study the matter.

If you ask a provincial premier what changes he wants, he will reply: I do not know, we shall appoint a commission. A commission is then appointed which, after a year or two, submits its report and the premier is asked once again: Now, what changes do you want? To which he will reply: I do not know yet. We are going to appoint a second commission to study the report of the first since we do not know exactly what amendments should be brought in.

And yet, every province is only asking for more power, more autonomy in a reorganized Canada. There is no need to amend the Constitution for that because it already guarantees to all provinces that their rights would be safeguarded in the field of education, highways, lands and forests and provincial organization. If these rights are not respected it is because of Ottawa and nobody else.

I envisage a future Canada tailored somehow on the model of a Canadian family, whether it is the Pepin family or—

Mr. La Salle: La Salle.

Mr. Cyr: Cyr.

[Mr. Caouette.]

Mr. Caouette: Be it La Salle or Alexandre, it is nevertheless a comparison we should make.

Let us take for instance the case of a family with ten children. No one child is identical with the other. Indeed, no twosome are identical.

An hon. Member: —or 16 children!

Mr. Caouette: Well. When I hear people say that Quebec is different from other provinces, it is true, it is not a fabrication. That Quebec is different from other provinces is a fact, but it is also a fact that Ontario, British Columbia and Newfoundland are not the same as others, either. Similarly, Manitoba is not like Saskatchewan. Each of these provinces has its own identity, like the children in a Canadian family. No two children are exactly identical. Parents are well aware of this.

One child must be handled in a certain way. Another requires a different approach. A third calls for a different attitude still, and so on for all the others. And later in life, one may be a lawyer, another a doctor, another a farmer, another a service station operator, and still another a member of Parliament. A daughter may become a nurse, a nun or a secretary and everyone goes his own way in life, even though they all belong to the same family.

Nothing prevents the children to get together for Mothers' Day, Fathers' Day, Christmas, New Year's Day and Easter and they are glad to see each other. And none of them want to be told by their brother or sister what to do or not to do in their lives. Each wants to live his life according to his own aspirations. For myself, I visualize a Canada organized on those bases, a Canada which will allow each province to act according to its own aspirations, in a Canadian family spirit.

An hon. Member: With respect.

Mr. Caouette: Certainly! With mutual respect.

Mr. Speaker, this would not destroy Canada. The problems, confusion and anxiety which prevail in Canada in 1972 are less the result of deficiencies in our constitution, in our Confederation—whatever Levesque and Co. may say—of a lack of honour or virtue, than of pure ignorance of the nature of currency, of credit, of capital flow. This is what is lacking.

But instead of coming to grips with this problem, we launch an attack on investors. We tell Canadians: Do not go and invest too much in the United States; invest in Canada. All the money of Canadian investors could not possibly be enough to save the Canadian economy, to develop our national resources, to finance the James Bay project, which is the object of so much talk today, and which will cost an estimated $10 billion. In view of the amount of interest we will have to pay on those $10 billion the James Bay development will cost no less than $25 or $30 billion, and we will not even be able to finance it. So where are we going to borrow? Not from the Bank of Canada, but from the Americans, who will put a mortgage on the James Bay!

This is interesting, this is intelligent—and we will pay interest to the Americans. Canadians will be paying for it. The minister also told me earlier that we have to pay

interest on the interest-free loans which we grant foreign countries. We are really saddled with interest.

An hon. Member: Shame!

Mr. Caouette: Another American president, Abraham Lincoln, said—

An hon. Member: —as was the case in Cameroun.

Mr. Caouette: If we carry on that way, we will soon find ourselves in the situation of the Cameroun.

The government, Mr. Speaker, is about to convert us into Camerounians.

In 1865, Abraham Lincoln said, and I quote:

I have two major enemies: the army of the South which is in front of me and the financial institutions which are behind me. The most dangerous of the two is the one behind.

The Minister of Industry, Trade and Commerce knows it. When he visits all the various countries, such as Japan, the most dangerous enemy is not the army in front of him but the financiers standing behind him. I further quote:

The government should create, issue and put into circulation all the money needed to meet the purchasing power of the government—

That was not said by Caouette, but by Abraham Lincoln. I quote again:

—and the purchasing power of the consumers. The privilege of creating an issuing money is not only the supreme prerogative of the government but it is also the best occasion they have to create something.

Well, the question is not one of demolishing what belongs to others but of creating something. However, we try by any means to destroy what others did because we have not been able to do the same. We take pleasure in destroying what the citizens, personal initiative and private enterprise succeeded in carrying out. I quote further:

Citizens may be and will be provided as stable a currency as their own country.

Money will no longer be the master and it will become the people's servant.

Democracy will dominate the power of money.

At that moment, Mr. Speaker, we could say that we become at last the masters of our economy.

In conclusion, I would like to quote Wilfrid—What am I saying "Wilfrid"—I mean William Lyon Mackenzie King. He could have been called Wilfrid, it would have been the same. William Lyon Mackenzie King stated during the 1935 election campaign—it was probably an election promise—and I quote—

Mr. Corbin: He won it also.

Mr. Caouette: He won it because of that promise which he never kept, but his successors hardly ever mention it.

• (2100)

As if they forgot all about him.

I do think that the Minister of Industry, Trade and Commerce could take note of this promise by Mr. King, and I quote:

Once a nation loses control over its currency and its credit, it does not matter much who in that nation makes laws.

As long as control over currency and credit has not been restored to the government and acknowledged as being it most obvious and most sacred responsibility, any talk of democracy and Parliament supremacy is vain and futile.

Mr. Pepin: What year was that?

Mr. Caouette: In 1935, in August.

Mr. Pepin: Before the establishment of the Bank of Canada.

Mr. Caouette: Perhaps that was even before the minister was born. This is possible.

Mr. Speaker, the minister should read again these documents of his spiritual father, the former Prime Minister of Canada, the right hon. Mackenzie King. Mr. King was right in 1935, and he would still be right today if he talked the same way.

I said earlier that the Bank of Canada is allowed, under the act to grant loans for periods not exceeding six months. All we have to do is introduce an amendment to the Bank of Canada Act, simply change the words "not exceeding six months" and replace then by "60 years" for instance as we do for India, Cameroun, Tunis, Algeria and many other countries. I understand that the right hon. Prime Minister (Mr. Trudeau) will no longer be here by then, but this is still a solution. In fact, the Bank of Canada, is entitled under the act to grant to provinces loans which amount to 25 per cent of what the province may receive in taxes during the year.

Let us take the example of Quebec, with which I am more familiar. This province has an annual budget of $4 billion. This would mean that the province of Quebec should be entitled to borrow directly from the bank of Canada $1 billion each year, for periods of 60 years. And this would apply to all provinces.

Mr. Speaker, it will be very easy to do so once we amend the Bank of Canada Act to allow loans over a 60-year instead of a six-month period. Indeed, extending loans for six months amount to making fun of provinces, of Canada, of the federal government and of municipalities.

In any event, the Social Credit party has a solution. We only have to take control of our Canadian credit, otherwise it is impossible to believe in controlling our Canadian economy. We shall not stop foreign investors from coming into our country. Once again, I say that these people come here to make profits. When the Michelin company first came to Canada, it made a market study, and in order to attract people from other provinces, as well as from United States, it chose to set up its plant in Nova Scotia, instead of Quebec, even if it is a French firm.

Therefore, the problem in Canada is not a problem of language, but one of dollars and cents. Even if we fight in English or in French, it makes no difference, because money does not know any language. It is funny that money does not speak English, French, Ukrainian, Japanese or Chinese, since everyone understands the language of money. I can assure you that there is nobody in Canada who does not know the difference between a $10 and a $20 bill.

So long as credit is not used for the development of our natural resources, thus creating new truly Canadian industries, any hope of our regaining control of our economy is vain. Let us take concrete steps that will enable us to become masters in our house and also to protect private enterprise and personal initiative. It is not the government which gets a country going, but the initiative of its citizens. If there are enterprising, vigorous, determined people, the government, by helping them organize, will make it easier to regain control of our economy, in the best interests of the people, of the provinces as a whole, in a country which would at last become united for the benefit of all Canadians and provinces. Canada could then be given as an example of understanding, co-operation and good will.

Such is my hope for Canada's future, before the four corners of the country are set ablaze by scatterbrains eager to blow everything up because they have never had the courage to create or build anything.

Mr. Speaker, if Canadians realize the full potential for economic development of their country, we shall again become masters in our house. We shall then be able to ensure economic security and individual freedom for all Canadians.

[*English*]

Mr. Steven Otto (Parliamentary Secretary to Minister of Supply and Services): Mr. Speaker, I am very glad to be speaking on this bill. I indicated to the parliamentary secretary to the minister that I would like to do so and he reminded me at dinner time that I would be speaking tonight; then just as he was going away he felt it necessary to say to me "in favour of the government".

Mr. Woolliams: You always vote with them.

Mr. Otto: I always speak for the government. The government does not always think so, but I do. The bill deals with the problem of takeovers. I heard speeches yesterday and today in which hon. members merge the three problems of existing foreign corporations, new takeovers and new investment all into one category. But you cannot do that; they are three completely separate problems. May I say, with great respect, to the hon. member for St. Paul's (Mr. Wahn) that if we chose to buy back foreign-owned industry which is already established, the cost would be colossal—somewhere in the vicinity of $27 billion. Indeed, the average lifetime of a business is only about 24 years. Many of these corporations are dying out and new ones are taking over. So to talk about taking over existing foreign-owned corporations just does not make economic sense.

The question arises as to new investments. We all know how important new investment is. There are areas in Canada that require new investments. Economic history has shown that Canadians are not exactly tickled pink to invest in many parts of this country. Our good old Toronto banks invest in Toronto. If you tell them about Calgary, Edmonton and other places they say that they are quite far away, why should they invest there when they can put it right in front of their noses? There is something to be said for that but I would put it this way: new investment takes new capital whereas takeovers take less capital.

[Mr. Caouette.]

This is why it is important to control takeovers because they involve corporations, companies and enterprises which have just started, which have just shown that they can make it. It is that type of corporation that is most susceptible to takeover and also which adds most to the economy of Canada. It is not a future dream; it is an existing enterprise. I think that is a good place to begin to control takeovers.

• (2110)

I will give the minister the good news first and the bad news later. I favour this bill because it gets away from the Walter Gordon concept of restrictions. We have two ways to look at the matter. Either we support our own industry or we take Mr. Gordon's point of view and say, "Down with Americans. Restrict everything"—though the shares of Canadian companies may be lying on the floors of Canadian stock exchanges, not being picked up by anybody even for just two cents. I do not think this makes much economic sense and I am glad to see we are getting away from it.

Mr. Speaker, I could not imagine such a bill put together by so many amateurs and naïve people. In fact, I would almost be willing to swear that not one of the people who worked on this bill, Mr. Joel Bell, the Minister of National Revenue (Mr. Gray) or his parliamentary secretary, have ever had any experience even indirectly with takeovers because there are loopholes a mile wide in the bill and it does not answer the problem. There is an assumption among members in the Conservative party and in the New Democratic Party that when a foreign takeover takes place we import foreign capital. Anyone who has had any experience with takeovers in the last five or six years knows that Americans do not put in one nickel of their own capital.

Mr. Peters: They do it with our money.

Mr. Otto: What happens is this: a Canadian growth company needs money to expand and its head goes to our nice little banks and tells them, "We need half a million dollars to buy new equipment. Here are our sales figures and our potentials." But our bankers, being nice, cautious, Scottish gentlemen, very concerned about the reputation of their banks, reply, "You haven't got all the sales. These are not all A-1 customers. Do it in stages. Here is $25,000 instead of the $500,000 you are seeking." This is no good at all, Mr. Speaker. The head of the company then tries to find an American buyer. A prospective American buyer will ask, "How much money have you in the bank?" The Canadian will reply, "We have $100,000 in saved earnings." Then the American says, "Here is $100,000 for your company." He pays the $100,000 but takes the company's reserves, so he does not invest a nickel.

The head of the company still retains his position and after this has taken place he can go to our banks and they will talk to him. They will say, "Oh, you've been taken over by an American. How ducky! Have half a million dollars. In fact, have a million dollars." At this stage the Canadian bank doesn't know if the American parent company is broke. Of course, it is better still if it is a Swiss company that is involved. Mr. Speaker, to get a loan from a bank all you need is a telegram from Switzerland. A

banker will look at it and assume that you must have money socked away in Switzerland.

What we really import is not money but confidence. In other words, our people and banking institutions do not have confidence in Canadians. I want to assure the minister and all hon. members that Americans are not carpetbaggers. They do not come flocking into this country looking for enterprises to buy. Right now they have strong incentives on their own side of the border for establishing industries in the United States. The DISC program is one such incentive; the U.S. tax structure is another. They do not come up here hoping to swamp us with their money.

We have many enterprising men in Canada who are in business, who run public corporations and private corporations. They know that their businesses cannot grow bit by bit as was the case 50 years ago. They have to take big jumps. If a company is manufacturing shoes and sells to Eaton's, it must be able to produce up to 100,000 pairs of shoes a year. This means buying expensive equipment and getting into a large production schedule. Our banks will not support such companies.

I would like to ask Walter Gordon, the owner of Canadian Management, how many risks he has taken in the last ten years. He will not look at a company unless it has $5 million in sales and a profit growth picture for the preceding five years. Mr. Speaker, if we could prevent all foreign takeovers then Walter Gordon and his kind would have a field day.

An hon. Member: He has a couple of duds on his hands now.

Mr. Otto: It is about time he had a dud or two on his hands. When the banks refuse to co-operate with Canadian business, the Canadian businessman may try the IDB. The hon. gentleman from Davenport (Mr. Caccia) spoke about the wonders of the IDB. Mr. Speaker, its loss ratio is one-seventh that of our banks. The IDB will not lend you any money unless you mortgage your plant, your house, your wife, your mother-in-law, and on top of that it will take your television set and you won't get it back until you repay the loan. It is a most farcical institution. Why will the IDB take no risks? Mr. Speaker, can you imagine a civil servant or a pseudo civil servant taking a risk? If you don't have a statement showing past profits and money in the bank, why should such a person take a risk?

After exhausting all approaches to the banks and the IDB, the businessman then becomes a beggar. He gets a broker and hopes to find an American buyer, but at that stage no American is exactly giving away money. The broker will find an American or a German investor. Incidentally, Mr. Speaker, there was a very good series of articles recently on the International Telephone and Telegraph Company. The Canadian entrepreneur does not want to sell his business, but after finding an American buyer he will sign a tentative agreement to sell. Under the provisions of this bill the government will have 90 days in which to consider the matter. Can you imagine any German or American investor waiting 90 days? It is utter nonsense. Such a deal will never go through.

Mr. Pepin: It takes two years in some countries.

Mr. Otto: But other countries have financial institutions and governments which support their own industry. Who knows what will happen in 90 days? Our Canadian entrepreneur will go broke because he has exhausted every other source. I suggest that the minister revise this provision in the bill so that the businessman may obtain approval from the cabinet first and then try to make a deal with the American investor. That would not put the whole thing in jeopardy. Business is used to this—you either put up or shut up.

• (2120)

This bill says no, you cannot sell. But the government does not say it will buy the business. The government is really saying, "You have your deal and it has already been approved by the directors". But Mr. Speaker, are American directors going to approve something that still has to be approved by the government? It could happen that in the 90 days everything would die out.

Then there is the Canada Development Corporation which after two years is considering buying Connaught Laboratories, a non-profit organization.

An hon. Member: Did you vote against it?

Mr. Otto: I am all in favour of the Canada Development Corporation but, Mr. Speaker, do you recall that the present chairman of the corporation appeared on national television and said he would not invest a nickel in Canadian industry? Such dedication!

Mr. Woolliams: You will have to take this fellow to the woodshed.

Mr. Otto: This program was taped about a month before he was appointed chairman, so I admire the CBC for showing it. The Canadian Development Corporation has a great deal to do but it cannot continue to be as cautious as it has been; it must get into the commercial banking field and induce ordinary Canadians to buy shares in Canadian companies. It would be a good deal if they could guarantee the price of the shares. Once Canadians are confident that they are not going to lose their shirts—because our history of investment has been a shirt-losing proposition—I think they would be more willing to invest.

Mr. Speaker, it is all very well to say that Americans are buying up our industry, but have we ever asked why Canadians buy hundreds of millions of dollars worth of American stock every year? I suggest it is because the American government and American laws protect the small investor. In most states of the United States the stock exchange is much better, much cleaner than ours; you do not get "conned" every time you go on the stock market. What has been our history of stock markets? An elevator operator says, "Buy Moose Pasture No. 2 at 17 cents". You buy it and hope it goes to 70 cents. It goes to 80 cents, so you keep it. Then it goes to zero and you have lost your money. It is a giant hoopla.

Mr. Woolliams: Don't talk nonsense.

Mr. Otto: Mr. Speaker, I do not think the hon. gentleman opposite is so naïve that he does not know that in the resource industry only about 7 cents of every dollar goes

into the business and the rest goes for promotion, and so on. Atlantic, Prudential—do you want more?—Revenue Properties; in all these corporations there is a history of losers.

Mr. Woolliams: Those are Ottawa statistics.

Mr. Otto: Before we can expect great things of this bill we must lay the groundwork and gain the confidence of the country. I think the Canada Development Corporation could be used to ensure the value of certain shares going on the market as is done by the banks. I think the government could have a great voice in tidying up some of the loose strings in our stock exchanges. There is no reason why it should cost $250,000 for a company to go on the public market here when it costs only $380 in the United States. There should be a review of regulations for all the provinces which have stock exchanges.

It is time that we set a pattern for proxy votes so that the shareholders would get a better break. If all this were done and we set up some sort of economic policy, I would be inclined to say that this bill would be very good for Canada. Yes, Mr. Speaker, I am going to vote for the bill—

Some hon. Members: Hear, hear!

Mr. Otto: —because one thing that it will do when application forms come to the cabinet is to give the cabinet an inkling of how efficient is the Industrial Development Bank and our financial system. The cabinet will not be able to refuse a sale to an American concern when they see the result and the evidence before them that Canadians are doing nothing. In that way the government would finally have a direct link with the business community.

The bill is a good start, Mr. Speaker but it needs a reasonable and rational environment such as has been accepted by countries like Germany, Japan and the United States. I am sure the hon. gentleman opposite from Calgary is well acquainted with the American stock exchange and Moodies, the bible of all investors, knows how a company goes public in the United States and what the rules for minority shareholders are in that country. I am sure he knows, also, what happens here.

This bill will cause the government to give thought to instituting many reforms in our financial structures and institutions and I think that will be the beginning of Canadians investing in Canada.

Mr. G. H. Aiken (Parry Sound-Muskoka): Mr. Speaker, the question of national control of the national economy is one that troubles every country in the world. It is the whole reason behind recent upheavals in former colonial countries in their drive for the elimination of foreigners running the country. This is what is behind the hankering of many people to run their own affairs; it is the dislike of those who occupy the land to see their resources exploited and removed with no real benefit to themselves. It has been the policy of those doing the exploiting for many years to pay off the exploited with a little of their own money while making off with most of it themselves.

Some hon. Members: Hear, hear!

Mr. Aiken: How does this apply in Canada, and how damaging is it? On the surface we feel that we are running our own country. We have our own Parliament, our own business institutions, banks, investment companies and industry. We find that in some cases when large foreign or international companies establish branch plants here, they send pleasant and accommodating personnel in the higher management and technically skilled categories. They employ a majority of local workmen when possible and train them when they have no trained personnel in this country. They pay good wages in most cases and maintain a high standard of living for their employees.

What is going on under the surface is what we must examine carefully. What is really happening is that hard businessmen are making hard decisions on where most money is to be made in the safest, long range way. It makes no difference whether they are American, Canadian, European or Asian; they operate aggressively to make a profit.

• (2130)

I think that is the point the government has missed in this bill. These people are bound by local rules and must abide by them. They adjust to local requirements. We need in this country firm guidelines, entrenched where possible in legislation, so that the rules may be well known. That is what Canadians want, that is what international business and finance would prefer not to see and that is something they can live with and do live with in many countries of the world. Once they know where they stand, they know how to deal with local situations.

Of course, we Canadians are partly to blame for the situation in which we find ourselves. As a people we have been savers, not investors. People in some other countries are much the same; they are thrifty and inclined to save more than to invest. I can think of several countries like that. The financiers and governments of those countries support a direct policy of investing the local people's money. It is an outgoing investment policy. In other words, the industrial, financial and governmental policy of those countries is directed to using the savings of their people to advance a national policy. I can think of several countries where this sort of policy is prevalent.

The Dutch are one people who are reasonably careful and thrifty, yet their financial institutions and governments are outgoing in carrying out a nationally developed policy of which everyone knows and which is beneficial for the nation as a whole and not just for those who are involved in investing. Canadian financial institutions, banks and governments have the ability to do the same for Canadians. They have not done this, generally speaking, because they were not directed to do it, forced to do it or asked to do it.

Some hon. Members: Hear, hear!

Mr. Aiken: Foreign investors are using the savings of Canadians, deposited in Canadian banks, to take over Canadian companies or to establish new industries in this country.

Some hon. Members: Hear, hear!

Mr. Aiken: That is what I object to most. I have heard much talk about preventing foreign capital from entering this country. I do not object to bringing in foreign capital when it is used to develop our country. As happens so often, the representatives of large financial institutions or international corporations bring no money at all to this country when they establish new plants or take over old ones. When they come, they bring with them nothing but their credit. They establish credit with local banks. They show that they possess sufficient collateral and deposit it often in the form of stock of their parent company.

On the strength of these securities they can borrow enough money from Canadian banks to carry on the business they want to take over. Following that, they use the savings that we Canadians are stupid enough to put into our banks and that national policy is stupid enough not to force into Canadian investment. This is not a case of bringing in foreign funds. In many takeovers not one cent of foreign money comes into this country and is used in the takeover. I do not think we ought to permit this situation. That is the sort of thing this bill might well have been directed against. As I said before, we welcome foreign capital that comes into our country to be used for development. In Ontario, where I come from, and in several other provinces this has been happening over the years.

Mr. Pepin: How could we incorporate the hon. member's suggestion in the bill?

Mr. Aiken: Money has come in from outside the country. It has entered the province and created a great deal of new industry. The province of Ontario has established guidelines which are reasonably well known to international business. Ontario has passed legislation which requires that resources taken from the province shall be processed in a primary and secondary way in the province before they are exported. Business people know this. When they come to this country and deal in Ontario, that is how they deal.

I think a good deal could be done in a bill like this to spell out to those who would invest in this country that they are welcome to come and use their knowledge and ability to develop Canadian industry, provided that the investing and the business enterprise is carried out in a way that we feel will be beneficial for this country. If we require secondary industries to be established in certain areas, as is the case in Ontario, I think that would be all to the good. I do not think the government is in any way dealing with the main problem in this bill. It is not letting people know that we welcome their money, welcome their know-how, welcome their ability to invest and create industry in this country, but that we welcome it on certain conditions and under certain firm rules which they should know about.

Foreign companies have moved into many other countries, accepted the rules of those countries and got along with them. That is the sort of thing that many of us felt should be included in this bill. The bill does not do that at all and is limited to preventing takeovers of existing businesses. Even there the bill is deficient. It does not make even a policy statement. For instance, if one looks at the title of the bill, one sees that it is a dead giveaway: it is, "An act to provide for the review and assessment of acquisitions of control of Canadian business enterprises by certain persons." Those "certain persons" may be certain undesirable persons or others; the language is vague.

Mr. Woolliams: Ambiguous is the word.

Mr. Aiken: Ambiguous is a good word.

Mr. Pepin: Those persons are defined.

Mr. Aiken: In any event, I think those persons are not the ones we are concerned about. Let us consider clause 2 of the bill in which the purposes of the act are spelled out. The purposes of the act are not carried out in the bill itself. I will not read the clause because we are not supposed to do that during debate on second reading debate. Nevertheless, the clause reads that the general purpose of this act involves, "recognition by Parliament that the extent to which control of Canadian industry, trade and commerce has become acquired by persons other than Canadians to maintain effective control over their economic environment is a matter of national concern", and so on. Certainly that is a matter of national concern and if the bill had dealt with it some of us would be happy. Having made these broad statements of purpose, the bill does little to carry them out.

• (2140)

This bill, in one limited sector, in one limited way, does something to tell the world that we want to control our own economy. For that reason one cannot be against it.

Some hon. Members: Hear, hear!

Mr. Aiken: I am somewhat embarrassed by the loud applause from my left for that statement. There must be something wrong. I thought I was developing a good Conservative policy. Maybe there are some Conservative members in the socialist party. I am afraid that I cannot agree with them when they adopt the attitude that they will vote against the bill, because it does something although in only one sector and only in a limited way.

The purpose of the bill is spelled out in clause 2. Perhaps the legislation will be improved in the future. I hope I will not find myself in the same position as the speaker who preceded me. He said that the reason he would vote for the bill was, in effect, that it was so bad that when the government puts it into effect and finds out how bad it is he will have done them a favour by voting for it. I cannot go that far.

The purpose of the bill as spelled out in clause 2 is notice to the world that we want to control our own economy, that Canadians in general want to develop guidelines and tell the world the basis on which we welcome their investment and participation in Canadian development. However, there are so many things it leaves undone and unsaid. I wish something more positive had been done. I do not necessarily mean that it should be more severe; I merely say something more positive should have been done so that foreign investors will know where they stand.

The bill has not been discussed at any great length. There are a few things that worry me, even in the limited

fashion in which it deals with the question of foreign takeovers. It does it in a typical Liberal way, if I may put it that way; Liberal with a large "L", not a small one in this case. They have made very severe inroads into the Bill of Rights which Canadians hoped would be well recognized. The bill gives the minister powers of investigation. These provisions can be used in contravention of the liberties and freedoms of the citizen. Section 3 of the Canadian Bill of Rights requires the Minister of Justice to examine every bill introduced into the House of Commons to determine whether any of the bill's provisions are inconsistent with the Bill of Rights and to report any inconsistency to the House at the first convenient opportunity.

It should also be noted that a condition precedent to the exercise of certain of these investigative powers is that the minister upon ex parte application to a court may obtain an order authorizing that exercise. The superficiality of this requirement must be obvious. As an aside, but relevant to the conduct of the investigation with regard to the rights of the private citizen, I note that the structure of the investigative process does not set standards of qualification or at least provide for the acquisition of qualifications through experience. In other words, the minister may vary his position from order in council to order in council, from situation to situation. Where authority is delegated, the investigator may be changed at the whim of the government or a succeeding minister. Presumably, any appointed investigator will be a public servant in the employ of the government since there is no provision for remuneration.

I want to talk for a moment about ex parte application to a judge to turn the screws on certain people. An ex parte application is one in which one person goes before a judge without notice to the other party and without giving the other party a chance to deal with the matter before the judge. The judge must weigh the application in light of what he is told by the minister or his representative. The judge can only accept the evidence that is before him. I think the judge would have to assume that if a minister did not have a prima facie case, he would not be making the application. An order must therefore issue almost as a matter of course. The so-called protection of the court in allowing an ex parte application is not there.

The citizen who is called in question before the court has lost his case before he even begins. He has no right of cross-examination and no right of appeal. Even the provision of this bill that appears to operate in favour of the citizen, clause 13 which provides that information gained by the minister in the administration of the act is privileged, only serves to protect the minister behind a wall of secrecy as he conducts his investigation. Neither the courts nor Parliament can force the minister to disclose what he is doing. He is not compelled to keep a true record of his investigation, but he can disclose as much as he wants. He can disclose that which will enable him to obtain a conviction against a witness or any person the witness is forced to implicate.

Interrogation, whether secret or public, can only be justified in the public interest and when the interest of the citizen is safeguarded by due process of law. That principle was adopted by this House when it passed the Bill of Rights. The bill we are concerned with contravenes that principle in that the right of the citizen is abrogated. I do not want to go into this question at the moment; it is a matter for the committee. I say only that even in the area where the government decides to move, they move in abrogation of many of the civil rights of Canadians and people doing business in Canada.

Canadians have the ability to develop their own country, not to the exclusion of non-residents but in co-operation with them. I hope I have made that point. In conclusion, in my opinion it is not a case of eliminating foreign capital. Where foreign capital comes in for development, it should be welcomed. But where it comes in for exploitation—I use that in the worst sense of the word—it should not be welcomed. This bill has not even attempted to deal with the main issue of foreign control in Canada. I regret very much the shortcomings of the bill.

• (2150)

I only hope that the general intent set out in clause 2 will be followed up in the future by something more specific. I have no intention of voting against the measure on the ground that it does not go far enough, but I express disappointment that after all this time in which to prepare itself to tell foreign investors where they stand, the government should have failed to do so.

Mr. Lorne Nystrom (Yorkton-Melville): Mr. Speaker, on rising to take part in this debate I should like to make a few general observations about the recent history and study of foreign ownership of our economy. In the last four years we have received three very good reports concerned with foreign ownership in Canada. First we had the Watkins report. There was also a report by a House of Commons committee which was referred to by the hon. member for St. Paul's (Mr. Wahn) earlier today. Then there was the report prepared by the Minister of National Revenue (Mr. Gray) which has become known as the Gray report. All these reports tell us the same thing about our economy: they tell us that our economy is too great an extent owned by foreign corporations; they warn us very clearly that something must be done about this soon. The Watkins report said, in 1968 I believe, that we had 12 to 15 years to repatriate our economy and if we didn't start doing it at once it might be too late.

Out of the Gray report, which all of us in the House have now had a chance to study, has come the foreign ownership policy which is before us. I echo the words of my leader in this House when he said that the bill before us is a big zero. It is an absolute zero, Mr. Speaker. It is nothing but an economic eunuch delivered to us by the technocratic Minister of Industry, Trade and Commerce (Mr. Pepin) who is so conservative and conscious of the status quo that I am sure he would make Spiro Agnew look like a moderate.

The bill before us today barely touches on the most important aspects of foreign ownership. Even some members of the Conservative party are saying that the bill does not go far enough. Many members of the minister's party are saying the same thing. I suggest that this bill was brought in for one reason only. The Liberal party examined the results of a recent public opinion poll and saw they were not doing very well. They had to do a bit of

face-saving, Mr. Speaker, and this bill was brought in as a political move, a form of tokenism to the people of Canada who want action now in the area of foreign ownership.

The government knows that the majority of Canadians want action soon in repatriating their economy and their culture. The government did not intend to do anything about it until they saw that public opinion was catching up with them and they had to save face. So here we have the midwife assisting in the birth of the economic eunuch that will produce hardly anything at all in terms of meaningful action to repatriate the economy. It is a sell-out, I suggest, to the multinational corporations. It is a sell-out to the continentalists in the Conservative party, led of course by the Minister of Industry, Trade and Commerce who himself is a mouthpiece for many of these people.

I am sure that this minister, along with the Prime Minister (Mr. Trudeau) will go down in history as being members of one of the most conservative governments this country has ever know. They are very oriented toward the status quo. Sometimes they put up a good fight, but they do not change the system. They do not change the system when it comes down to the real dollars and cents issues which affect the working people and the farmers of this land. Then we see all the sheep in the backbenches of the Liberal party getting up and bleating in agreement as they vote for this bill. Some of them, out of one side of their mouth, may say that the bill does not go far enough. One of them said this evening he would support the bill because it would then make the minister realize how ridiculous it is and that maybe he would then do something. That is the kind of logic the Liberals pursue.

The minister may know that his own backbenchers are sheep, but I assure him that the Canadian people will not be fooled by this type of legislation. The people of Canada want action now. I am sure all of us received a copy of the telegram from Mr. Edwin Goodman of the Committee for an Independent Canada. I shall read the telegram to the House:

> The Committee for an independent Canada urges you in the strongest terms to participate in debate on foreign investment bill. Essential to Canada's future that private members of all parties show inadequacy and weakness of government's bill. Respectfully suggest that pertinent recommendations of parliamentary committee and the Gray report be embodied in the bill and review process widened.

May I remind you, Mr. Speaker, that Mr. Goodman is no flaming revolutionary who is practising doctrinaire Marxist philosophy. I assure you that Mr. Goodman is not that type of Canadian. I assure hon. members, too, that other Canadians such as Mr. Walter Gordon, who the minister might be afraid of, are not that type of Canadian either. The bill falls far short of what it should do. It is doing nothing about direct foreign investment in our economy. It will do nothing at all about the expansion of United States firms or other foreign firms which are already operating in Canada. In fact, in touches very little upon foreign investment in this country.

In my constituency people are concerned about foreign investment. They want us to take action now. The government of Saskatchewan has introduced in the legislature a bill on foreign ownership which will prohibit the purchasing of farmland in that province by foreigners who live outside of Canada. It is a small step, Mr. Speaker. This principle should be applied to other industries if we want to build a Canada for Canadians.

The question of foreign ownership is one which causes many heated arguments. It is one which will polarize opinions as it obviously does in the House of Commons. I think it shows us whose side the people will take—the side of those who are interested in promoting the well-being of the multinational corporation or of those who are concerned about promoting the interests of the farmers and the small businessmen of Canada. I want to see much more done than is offered in the bill before us because our economy, much more than any other in the western world, is owned and controlled by foreign corporations. We lose more out of our country than comes in in terms of wealth. We are losing jobs, we are losing political autonomy, we are losing the right to make many of the decisions we should be making in this country.

Mr. Speaker, may I call it ten o'clock?

* * *

BUSINESS OF THE HOUSE

Mr. MacLean: Perhaps the minister can confirm whether we shall be continuing this debate tomorrow.

Mr. Pepin: Yes, Mr. Speaker, I think so.

PROCEEDINGS ON ADJOURNMENT MOTION

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

• (2200)

HEALTH—SUGGESTED INCREASE IN HEALTH RESOURCES FUND TO ENABLE TRAINING OF MORE GENERAL MEDICAL PRACTITIONERS

Mr. P. B. Rynard (Simcoe North): Mr. Speaker, during the question period the other day I raised the problem of the acute shortage of general practitioners. This is becoming a very serious and grave situation, so grave that in another 20 years at the present rate we will be approximately 25,000 short. The minister inferred that the provinces were not taking up the health resources funds that were available. It was my understanding from the province of Ontario that they could not get sufficient money to provide the teacher scientists, the space or equipment necessary—in other words, the teaching complex.

I have talked to the deans of various universities about fully qualified students who year after year are refused entrance. Some of these boys worked as male nurses in hospitals, which proves their dedication. They hoped that by doing this they would be accepted. The deans of the universities for which I have high regard told me that without exception they felt very badly about the students whom they could not accept even though they were qualified. One university reported to me that they had 25

places left for students and that they had had over 1,400 applications for those 25 places.

At the same time, we imported in 1970 1,113 doctors and graduated 1,131. In 1969 we imported 1,347 and graduated 1,017. These figures are the most recent. We are, in effect, denying our own boys and girls who are fully qualified the chance to enter the medical profession. These young people are the sons and daughters of the taxpayers who pay around $50,000 for each medical student who graduates.

Does the minister think that it is fair that these young people should be denied entrance and the chance to enter the profession of their choice? Surely this illustrates beyond any reasonable doubt that if there was any money left in the health resources fund, and with the responsibility for medical manpower requirements that the government accepted when they brought in national medicare, it should be their co-responsibility with the provinces to provide the doctors required and the places to train them.

It is pretty bad when you reject your own boys and girls, the children of taxpayers because it is cheaper to import fully trained physicians than to train them in Canada, many of whose entrance qualifications would not be accepted here. Why should Canada be a parasite on the rest of the world when it comes to producing physicians? We get many physicians from the poorly developed countries whose needs are greater than ours. I hope this answers the minister's doubts—if he really had any—that we are short of doctors, particularly general practitioners, and places to train them.

I should now like to deal with the shortage of general practitioners. The Minister of National Health and Welfare (Mr. Munro) has stated that it is easier to see a specialist in Vancouver—I hope I am quoting him accurately—than it is to see a general practitioner in Hamilton. A shortage of doctors leads to a shortage of interns and many hospitals which 40 years ago would have had interns have none at all today. Consequently, the emergency departments of hospitals are grossly overcrowded. People are seeking help from emergency departments when they are only moderately sick and should be seen at a general practitioner's office, and would if there were enough to go around.

A survey recently conducted and reported by Dr. Glen Sawyer, the secretary-treasurer of the Ontario Medical Association, indicated that people wanted to see the family doctor when they were sick. They were not particularly concerned with how many degrees he had; they just wanted a common sense, medically trained GP and they were willing to pay for his services. Every case where a general practitioner can look after a patient in his home represents a saving of $60 a day for a hospital bed. Taking this as a rough average, ten such cases a day in a city of 30,000 people would mean a saving of $600 per day in respect of health costs. Surely the minister is interested in this. I know every province, particularly the province of Ontario is interested in it. The outpatient departments and emergency rooms of our hospitals are substitutes of a kind for the family physician, but ambulatory care in these cases is largely impersonal and unco-ordinated.

As an example of how general practitioners have become scarce I will take one city, Windsor, which is supposed to have a fair average. In 1955 the population of the city was 188,614. There were 110 general practitioners and 78 specialists. In 1971 the population of the city was 220,088. There were 104 general practitioners and 144 specialists.

This in my opinion is a fair indication of what is going on in general in Ontario and in Canada. Surely the minister no longer can deny qualified medical students the right to enter their profession and be provided the necessary funds for training in conjunction with the provinces. The provision of more general practitioners to reduce galloping health care costs is a necessity which must be tackled from this angle. Actually Ontario, if it were keeping up with Alberta—if my figures are correct—should be graduating about 700 physicians. I hope the minister will realize that he must provide general practitioners as his first line of defence in lowering health costs. I hope that he will by persuation see that the health resource funds are used up. It is sad to boast or to have to admit that they are not being used completely.

[*Translation*]

Mr. André Ouellet (Parliamentary Secretary to Minister of National Health and Welfare): Mr. Speaker, I note that the hon. member for Simcoe-North (Mr. Rynard) is most tenacious in his remarks, since this is at least the second time that I am answering his question.

I could refer to the answer that I gave him previously, as well as to those that the Minister of National Health and Welfare (Mr. Munro) has already made in this House.

Perhaps I might also use some notes which I have just received from the department. Unfortunately, they are in English and I would have preferred them to be drafted in French, in order to give a better answer to the hon. member. So, I shall make a few comments on the remarks of the hon. member and say that I personally endorse much of what he has just stated in this House.

I share his regrets when I realize that unfortunately not enough young Canadians can become doctors because they are denied access to our medical schools. These young people often achieve marks of 75, 78 or 80 per cent in their work, yet schools of medicine demand that they get 85 or even 90 per cent to accept them.

The shortage of doctors which worries the hon. member for Simcoe North is a problem which causes great concern to the Canadian government as well. We have told him repeatedly, and I fail to understand why he should insist on holding the federal government responsible for it. To my mind, the hon. member should spend the same energy not in making charges against the government but in suggesting to universities that they operate differently so that more young Canadians might enrol and get a degree in medicine. This would certainly help to alleviate the shortage of doctors in Canada.

In spite of everything, the hon. member for Simcoe North should know that in Canada the ratio of doctors per inhabitants is far superior to that in most developed countries of the world and in particular in Sweden, France, New Zealand, England and Japan.

• (2210)

[*English*]

CONSUMER AFFAIRS—INCREASE IN COST OF FOOD—REQUEST FOR INVESTIGATION OF CAUSE

Mrs. Grace MacInnis (Vancouver-Kingsway): Mr. Speaker, on a number of occasions recently I have questioned the government about the matter of rising food prices and rising chain store profits around the central fact that between April 1, 1971, and April 1, 1972, the cost of food used in the home rose by nearly 7½ per cent, twice as much as the cost of living generally, while at the same time the profits of supermarket chains also rose in spectacular fashion. For example, Safeway's profits rose by 40 per cent in the first three months of this year, the profits of George Weston rose by nearly 50 per cent and the profits of Dominion stores by 300 per cent.

My first attempt, on May 10, was when I asked the Prime Minister (Mr. Trudeau):

> Will the government undertake to make an investigation to see whether this increase in the cost of food is due to inordinate mark-ups by supermarkets or excessive profit-taking by canners and processors of food?

The Prime Minister replied:

> Mr. Speaker, I will certainly see that the suggestion of the hon. member is studied. However, I might say that according to our statistics the gain was in line with the March-April changes in the past five years—

This answer certainly was very courteous but it did not satisfy me, nor did it satisfy the many people in Vancouver-Kingsway who have been having a desperately hard time to keep up with the cost of living in their food budget. So on May 17 I asked the Acting Prime Minister, who on that day happened to be the Secretary of State for External Affairs (Mr. Sharp), whether the government had measures in hand to help low income consumers, to which the Acting Prime Minister replied:

> Mr. Speaker, the government has taken many measures of particular interest to low-income families, the aged and the disabled. I think the hon. lady will agree that this should be our first priority.

This, again, was a courteous but unsatisfactory answer. I pointed out that only two groups of people benefited from the budget—the elderly and full-time students. Again I asked whether the government would investigate immediately food prices in this country, and the reply of the Acting Prime Minister was a firm no. So the next day, May 18, I tried again. I asked the Minister of Consumer and Corporate Affairs (Mr. Andras) if his attention had been drawn to a study by a professor at Simon Fraser University and his students which found that supermarket chains are masters of the illusionary pricing technique and often control products from farm to store shelf to the detriment of the consumer, and would he consider making a grant available so that this booklet could be widely distributed across Canada.

The minister promised to examine my remarks and the booklet with great interest. Again, this courteous reply was not helping families with their food budgets, so again I asked if the minister would conduct an investigation into the control by supermarkets of products from farm to grocery store shelf. At this point the Chair ruled that I was out of order. So on May 23 I made my fourth attempt by trying to secure the unanimous consent of the House under Standing Order 43 to move a motion as follows:

> That the matter of food prices and supermarket profits be referred to a special committee of this House for investigation and report.

As Your Honour knows, I did not get unanimous consent; a chorus of "noe's" came from the other side of the House, the government side. So tonight I am asking the government once again to please answer my question favourably: Will they conduct an immediate inquiry into rising food costs and rising supermarket profits?

Mr. Barnett J. Danson (Parliamentary Secretary to Prime Minister): Mr. Speaker, I am pleased to respond to the hon. member for Vancouver-Kingsway (Mrs. MacInnis) both courteously and, I hope, satisfactorily on this occasion although I do not expect she would be in character if she were satisfied. I question her misreading of the budget, that it helped only the elderly and students. I think the hon. member would want to include veterans also and all those Canadians who will benefit from a growing, prosperous economy.

First of all, Mr. Speaker, the combines investigation branch of the Department of Consumer and Corporate Affairs is keeping a watching brief on the situation. There has been no evidence of violations under the Combines Investigation Act, but the branch is ready and has the powers to act, indeed is required by law to act, if there are reasonable grounds for suspicion that there is a violation under the combines act. I would urge the hon. member for Vancouver-Kingsway to bring forth any evidence or indication of violations that she has, so that such action can be taken.

I believe, Mr. Speaker, that it would help to put things in perspective if we were to look at the record. As the hon. member is well aware, in late 1970 and early 1971 there was a price war among supermarket chains, particularly in eastern Canada, with a consequent severe effect on the profit of the chains. The hon. member's party might not think that profits are a significant factor, but I do not consider them evil so long as they are in line.

In the first quarter of 1972 there was a substantial increase in profits simply because they had declined so much in the previous year, and we could find no evidence of profiteering. An example might be Dominion stores which the hon. minister said had a profit increase of some 300 per cent. Their year end, I believe, is mid-March and the figures I have would indicate that their percentage of profit on sales dropped from 1.4 per cent in 1970 to .4 per cent in 1971, and then rose to 1.0 per cent in 1972 according to their recent year end statement. In 1967-68 it was 1.7 per cent, so I hardly consider this an extravagant increase in view of the fact that it was lower than before the price war. They have just recovered to the previous level. Other supermarket chains have had a similar experience. Total dollar profits have increased, there is no question about that, but sales have increased substantially—

Mr. Bell: How about babysitting; has that gone up?

Mr. Danson: I would be delighted to continue because I think the hon. member deserves not only a courteous but a satisfactory answer. We would be more than pleased to

initiate an investigation if the hon. member can present evidence of violations. We are waiting for that, Mr. Speaker.

TRANSPORT—SUMMERSIDE P.E.I. AIR SERVICES—RESULT OF DISCUSSION WITH LOCAL REPRESENTATIVES

Mr. David MacDonald (Egmont): Mr. Speaker, this evening I am going to deal with a question which was raised some time ago following a visit by the Minister of Transport (Mr. Jamieson) to Prince Edward Island. It was a much delayed visit, one which was planned for late last year or early this year and had a number of aspects to it, including the imminent suspension of air service to Summerside, P.E.I. That suspension took place in January. Prior to that we had an assurance that the minister would consult with officials in P.E.I., with the premier, with responsible officials in Summerside, with representatives of the Board of Trade and of other important groups. Unfortunately, such consultation did not take place until March.

On March 14 I asked the minister directly whether there had been consultation concerning the adequacy of air service, particularly in view of the suspension of air service to Summerside, P.E.I. I pointed out that one of the most serious aspects following the suspension was the removal of the air terminal. In light of the fact that Eastern Provincial Airlines was granted a suspension for two years, not a termination of air service, this was more than a little disquieting to the citizens who thought that a permanent decision had been taken with regard to winding up the facilities at CFB Summerside. The minister said that it was for the airline to decide about disposing of its building and facilities, but I think the minister may recognize that more is at stake than the decision taken unilaterally by Eastern Provincial Airlines.

• (2220)

Following the suspension of air service a number of difficulties have arisen. Some loss of time has been encountered by the business community and there has been a definite increase in air freight costs to Summerside from other parts of Canada. This I have experienced myself. There is an additional tariff involved in moving goods from Charlottetown to Summerside. In addition, it costs $10 more for a person to land at Summerside than it did prior to the air service suspension in January. This does not please the people who live in Summerside and west of it.

Proposals have been advanced to the Canadian Transport Commission by Roberts Air Service which has indicated a willingness to provide service between Summerside and Moncton. I understand that this would be simple from the standpoint of the Canadian Transport Commission and the other competitor in the area, Eastern Provincial Airlines who operate out of Charlottetown. At the present time there may be a minor objection from EPA but not sufficient to prevent an air service to and from Summerside.

This is important for two basic reasons, Mr. Speaker. One is the importance of increased regional air service. We have seen some of this with EPA from Charlottetown to Halifax and Fredericton. Even more important is the situation with regard to Summerside because of the new lease of life given to it by the announcement of permanency. The business community and the citizens of Summerside believe that in light of these new circumstances a more adequate air service should originate there. I hope that the representative of the Minister of Transport can tonight give us an assurance that adequate air service will be restored to Summerside.

[*Translation*]

Mr. Albert Béchard (Parliamentary Secretary to Minister of Justice): Mr. Speaker, as the Minister of Transport (Mr. Jamieson) was meeting today with the members of the Atlantic Transport Commission in St. John, he cannot answer tonight the hon. member for Egmont.

However, I am aware of the discussions which have been held in Charlottetown on the need for air transportation in the Summerside area, in the hon. member's beautiful province where I stop when travelling to that beautiful part of my constituency located in the St. Lawrence and called the Magdalen Islands.

[*English*]

A number of proposals were discussed at that time, and on April 17 an application to the Canadian Transport Commission was filed by Roberts Air Service to provide service between Summerside and Moncton. Mr. Speaker, I am pleased to inform the hon. member that this matter is now before the air transport committee of the Canadian Transport Commission for consideration, and a decision is expected fairly soon.

Motion agreed to and the House adjourned at 10.25 p.m.

HOUSE OF COMMONS

Wednesday, May 31, 1972

The House met at 2 p.m.

[*Translation*]

ROUTINE PROCEEDINGS

LABOUR, MANPOWER AND IMMIGRATION

Third report of Standing Committee on Labour, Manpower and Immigration—Mr. Portelance.

[*Editor's Note: For text of above report, see today's Votes and Proceedings.*]

* * *

[*English*]

ORDERS AND DECORATIONS

ANNOUNCEMENT OF MODIFICATIONS AND ADDITIONS TO CANADIAN SYSTEM OF HONOURS—TABLING OF CERTAIN DOCUMENTS

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I rise at this time to announce certain modifications and additions to the Canadian system of Honours.

Of those many ingredients which, together, are nationhood, one of the most important is the voluntary desire on the part of citizens to contribute to national life. A grateful nation should be willing to recognize and honour those persons whose contributions are truly outstanding, and to this end the government has sought advice from many elements of our society.

It is my pleasure to announce that Her Majesty the Queen, on the advice of the government, has approved the issue of Letters Patent revising the Order of Canada, establishing a Canadian Order of Military Merit and creating three Canadian decorations for bravery.

Some hon. Members: Hear, hear!

Mr. Trudeau: In the five years since the Order of Canada was created to recognize outstanding achievement and service it has done more than fulfil our expectations of it. It has been accepted and is respected throughout the country.

The new Letters Patent will increase the levels of membership to three, Companions of the Order, Officers of the Order—and this level will take in those who now hold the Medal of Service—and Members of the Order. As might be expected, existing Companions of the Order and holders of the Medal of Service are generally persons who have achieved prominence on the national scene. The new level, Member of the Order, has been designed to offer deserved recognition to those persons who have chosen to contribute their time and their talents to their own communities, professions or other groups. The importance of these contributions is often no less than those whose efforts have been directed on a broader scale and it is only appropriate that it be officially recognized.

• (1410)

[*Translation*]

The Order of Military Merit is established to honour professional excellence and exceptional devotion to duty on the part of members of the Canadian Armed Forces. To the honour our armed forces have won in war in Canada's defence we must now add the universal esteem in which our soldiers, sailors and airmen are held as the most experienced and best trained forces in the new, exacting and dangerous trade of peacekeeping and truce observation. To the military ideal of gallantry in the face of the foe must now be added patience and steadfastness in keeping the peace between factions in conflict, stamina and effectiveness in exercising Canadian sovereignty in distant parts of our country, courage and skill in support of the civil power whether it be in rescue operations, disaster relief or, for that matter, fighting forest fires.

The Order of Military Merit has three levels, Commander, Officer and Member. Every serviceman, irrespective of rank, may aspire to appointment to the Order at any of its three levels.

[*English*]

The Order of Canada, as originally constituted, provided for a Medal of Courage to be awarded in recognition of acts of conspicuous bravery. Although many Canadians have qualified for such a medal, and indeed been nominated for it, it has never been awarded in part because of the problems faced in trying to make one decoration cover a whole range of acts of courage. The government has concluded that what is required is a series of three decorations: The Cross of Valour, the Star of Courage and the Medal of Bravery. These awards will be granted to both civilian and military personnel. Members will remember the tragic events that took place on the destroyer *Kootenay* some years ago, when a number of our servicemen distinguished themselves by acts of bravery. They will now be recommended for Canadian bravery decorations, as will many other Canadians who have put their lives at risk for the safety of others. Preliminary work has been under way for some years, and I am confident that announcements of awards will be made in the near future.

In our constitutional system, the grant of honours is a prerogative of the Head of State, the Queen. As Her Majesty has been sovereign of the Order of Canada since its inception, so she is now also sovereign of the Order of Military Merit and it is by her, as sovereign, that bravery decorations are conferred. The Governor General, in his capacity as Chancellor of the Order of Canada, will con-

tinue as at present to receive recommendations for awards made by an adivisory council headed by the Chief Justice of Canada. In the case of the Order of Military Merit, of which the Governor General is also Chancellor, the names of the proposed recipients will be submitted by the Canadian Forces Decorations Committee through the Chief of the Defence Staff and the Minister of National Defence. In conferring the new decorations for heroism, the Governor General will be assisted by a bravery awards advisory committee. The high regard in which the Order of Canada is held derives from the high standards it sets and the impartiality of the selection process. The new arrangements will continue to insist upon high standards and impartiality. I should like to emphasize that, as with the Order of Canada up till now, any citizen has the right to nominate anyone he feels to be worthy for an honour in any of the classifications I have announced today.

[*Translation*]

In this symbolic fashion, the government seeks to create a means of expressing the gratitude of all Canadians to those of their fellows who have contributed to the quality of life in this country through acts of service, excellence and bravery.

Mr. Speaker, under Standing Order 41(2), I would like to table copies of the relevant Orders in Council, the text of the Letters Patent, the constitution of the Order of Canada and the Order of Military Merit and regulations governing the award of Canadian Bravery Decorations.

[*English*]

Hon. J. A. MacLean (Malpeque): Mr. Speaker, the statement the Prime Minister (Mr. Trudeau) has just made is a very important one and I wish to thank him for giving us advance notice of its contents. This is not to say, however, that the notice was sufficient, in view of the importance of the matter, to enable me to deal with it comprehensively at this time.

The Prime Minister said in his statement:

> Of those many ingredients which, together, are nationhood, one of the most important is the voluntary desire on the part of citizens to contribute to national life. A grateful nation should be willing to recognize and honour those persons whose contributions are truly outstanding, and to this end the government has sought advice from many elements of our society.

He went on to say:

> In this symbolic fashion, the government seeks to create a means of expressing the gratitude of all Canadians to those of their fellows who have contributed to the quality of life in this country through acts of service, excellence and bravery.

I agree wholeheartedly with the sentiments expressed in these statements by the Prime Minister. I should like to point out, however, that the lack, for long periods, of recognition and honour due to those Canadians whose contributions have been truly outstanding has not been because of the absence of any mechanism for doing so but rather because of the fact that this and many other Canadian governments have refrained from making recommendations to Her Majesty in this regard, presumably because the decorations or orders that were provided for in the past were common to most or all of the Commonwealth. It is for that reason that the honours and awards now established have been created as a substitute to fill the void that was thus brought into being.

Turning now to the awards themselves, I believe that the creation of a third group, Members of the Order of Canada, is an improvement. I believe, too, that the establishment of a Canadian Order of Military Merit will fill a great need for our Canadian forces, especially in peacetime operations. The creation of three Canadian decorations for bravery, for which both military and civilian persons are eligible, is welcome.

The statement of the Prime Minister leaves two important questions unanswered. First, will the world-renowned, Commonwealth-wide decorations such as the Victoria Cross, the George Medal and the D.S.O. still be available to Canadian citizens as Canadian decorations in future? Second, what will be the order of precedence of the Commonwealth-wide decorations that have been conferred on Canadians in the past relative to these new decorations? I presume that the documents the Prime Minister has tabled will designate that. I would certainly hope that world-renowned decorations such as the Victoria Cross, the George Medal and many others will retain their pre-eminence and their precedence.

Mr. David Lewis (York South): Mr. Speaker, my comment will be brief. I am pleased, on behalf of the New Democratic Party, to greet with pleasure the Prime Minister's announcement. We have, as is well known, always supported the idea that Canada should have its own program and procedures for recognizing outstanding achievement and service by Canadians in all fields. I am particularly pleased because the Prime Minister's announcement will enable a great many more Canadians to be involved in the program of recognition.

I readily agree, Sir, that the Order of Canada is highly respected and that the selection of Canadians for that order has been of a high and objective character. The addition of a level aimed to extend recognition to Canadians for services rendered at the local level deserves full support, since it will make possible a wider recognition of achievement and devoted service by Canadians.

• (1420)

We are also happy to welcome the establishment of an Order of Military Merit in recognition of outstanding bravery. I hope, as I am sure all Members of Parliament do, that our forces will never again have to defend our freedom and our country in war. It is, therefore, most fitting that we recognize their important services to Canada and to the world in peacetime.

The Prime Minister has so well and in so literate a way explained the reasons for the program of decorations he has announced that it would be superfluous for me to add anything more. I merely say that we warmly welcome his announcement.

[*Translation*]

Mr. Gérard Laprise (Abitibi): Mr. Speaker, we have heard with some satisfaction the announcement which the right hon. Prime Minister (Mr. Trudeau) has just made concerning the creation of the Order of Military Merit.

This announcement which, I think, had been expected for quite some time will doubtless constitute an incentive for all members of our forces in addition to filling them with pride for receiving an award from their country.

Until now, the decoration which had been awarded came from a foreign country, and only a handfull of Canadian servicemen or civilians could hope for their galantry being recognized by their country.

We dare hope that this decoration which the right hon. Prime Minister has just announced will be awarded not only to servicemen who deserve it fairly often through their galantry on the line of service in time of war, but also to many deserving civilians in the accomplishment of their duties. I think particularly of policemen and firemen, as well as a number of persons who, at one time or another, are called by their duties to take actions which deserve to be recognized.

Given the decorations that our country proposes to grant, I hope that a greater number of worthy persons will see their heroic deeds recognized.

* * *

[*English*]

INDIAN AFFAIRS

PAYMENT OF EXPENSES OF DELEGATION—REQUEST FOR UNANIMOUS CONSENT TO MOVE MOTION UNDER S.O. 43

Mr. Frank Howard (Skeena): Mr. Speaker, I rise pursuant to Standing Order 43 to move a motion because of urgent and pressing necessity. That necessity is occasioned by the arrival yesterday in Ottawa of a committee of native Indian people from Thunder Bay who came here at their own expense as a result of an agreement that they would be able to have a meeting yesterday afternoon at five o'clock with the Minister of Indian Affairs and Northern Development (Mr. Chrétien). That meeting did not proceed because of an error on the part of the department. Therefore I seek the unanimous consent of the House to move, seconded by the hon. member for Comox-Alberni (Mr. Barnett):

That this House hereby authorizes the Department of Indian Affairs and Northern Development to reimburse the committee of Indian people under the joint leadership of Mrs. Monica Turner, chairman of the Ontario Native Women's Association and Mr. Bill Sault of the Treaty Research Department of the Union of Ontario Indians, who travelled from Thunder Bay to Ottawa to meet with the Minister of Indian Affairs and Northern Development and who incurred expenses of a personal nature for that meeting which could not take place because of an error within the said department.

Mr. Speaker: The hon. member might recognize that this is a motion which should perhaps have been preceded by a Royal recommendation. In any event, so as not to get involved in this rather subtle aspect of the matter, I would invite hon. members to indicate whether there is unanimous consent to the motion proposed by the hon. member.

Some hon. Members: Agreed.

Some hon. Members: No.

Mr. Speaker: There is not unanimous consent and the hon. member's motion cannot be put at this time.

* * *

TRANSPORT

ATLANTIC REGION FREIGHT RATES—REQUEST FOR UNANIMOUS CONSENT TO MOVE MOTION UNDER S.O. 43

Mr. Elmer M. MacKay (Central Nova): Mr. Speaker, I rise under the provisions of Standing Order 43 in connection with a matter of urgent and pressing necessity. It concerns the desperate situation confronting firms in the Atlantic region as a result of inordinately high freight rates. In view of the fact that many regional economic development schemes are thwarted ultimately by these transportation costs, and in view of the fact that some maritime firms are being pushed to the brink of survival, I move, seconded by the hon. member for Vegreville (Mr. Mazankowski):

That the entire matter of freight rates be referred to the Standing Committee on Transportation for immediate review.

Mr. Speaker: The hon. member's motion is proposed under the terms of Standing Order 43 and requires unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

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

Mr. Guay (St. Boniface): Mr. Speaker, I had intended to present the first report of the Standing Committee on Regional Development but I missed the call for presentation of reports. May I have permission to do so now?

Some hon. Members: Oh, oh!

Mr. Speaker: The hon. member is seeking the unanimous consent of the House to revert to the presentation of committee reports. Is there such consent?

Some hon. Members: Agreed.

Some hon. Members: No.

Mr. Speaker: I recognized at least one "no". I thought it was the hon. member for St. Boniface. If there is not unanimous consent, we cannot revert to the presentation of committee reports.

An hon. Member: Stay awake!

* * *

BUSINESS OF THE HOUSE

DESIGNATION OF OPPOSITION DAYS

Hon. Allan J. MacEachen (President of the Privy Council): Mr. Speaker, I wish to advise the House that tomorrow and Friday have been designated as opposition days.

Questions

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

BLACKOUT OF BUFFALO, NEW YORK TELEVISION STATION TO CANADIAN CABLE SUBSCRIBERS

Question No. 435—**Mr. Robinson:**

Will a Buffalo, New York television station be blacked out to Canadian cable subscribers and, if so, which one?

[*Translation*]

Hon. Gérard Pelletier (Secretary of State): I am informed by the Canadian Radio-Television commission as follows: The present CRTC policy on cable television establishes that cable companies in the Toronto area should carry the following stations as a priority in the Toronto area: CICA, channel 19; CBLT, channel 6; CFTO, channel 9; and CHCH, channel 11. The commission also encourages cable companies to provide community access programming through an additional "local origination" channel. Other stations carried by CATV systems are optional. It therefore rests with the individual cable system serving Toronto and the area to decide which of these option stations best suit the needs of their subscribers.

[*English*]

CRTC REGULATIONS REGARDING LOCAL TELEVISION STATIONS

Question No. 436—**Mr. Robinson:**

Do the existing regulations of the CRTC compel cable operators to give precedence to local television stations and, if so, will one Buffalo, New York television station be denied to Canadian viewers?

[*Translation*]

Hon. Gérard Pelletier (Secretary of State): The Canadian Radio-Television Commission advises as follows: See answer to question No. 435 answered this day.

[*English*]

STUDIES IN REFERENCE TO ROUTES AND METHODS OF TRANSPORTATION OF PETROLEUM AND NATURAL GAS FROM THE NORTH

Question No. 521—**Mr. Woolliams:**

1. Under what department do the studies being made as to energy and as to the economics and ecology in reference to the two routes and methods of transportation of crude petroleum and natural gas from the North come and, what is the name of the person who heads the study committee?

2. How many members are on this committee?

3. What department is paying the total cost?

4. What is the estimated cost?

Mr. Jack Cullen (Parliamentary Secretary to Minister of Energy, Mines and Resources): Mr. Speaker, this is a four part question. The answer is as follows: 1. The studies do not come under any one department but rather under the general direction of the Task Force on Northern Oil Development which is chaired by the Deputy Minister of Energy, Mines and Resources.

[Mr. MacEachen.]

2. There are five members on the Task Force on Northern Oil Development.

3. Costs of the ecology and social studies are shared by the Departments of Energy, Mines and Resources, Indian Affairs and Northern Development and Environment, and costs of other studies are borne by the department concerned.

4. The costs of the ecology and social studies are estimated at up to $5 million annually over a four year period.

VISITS OF INDIAN CLAIMS COMMISSIONER OUTSIDE OF CANADA

Question No. 568—**Mr. Nielsen:**

1. Did Mr. Lloyd Barber, the Commissioner for Indian Claims, make any journeys outside of Canada in the past six months and, if so, to what places and for what purpose?

2. Did anyone accompany Mr. Barber on any such journeys outside of Canada on behalf of the Government of Canada?

3. If anyone did accompany Mr. Barber, what were their names and positions and for what purpose did they accompany him?

4. What was the cost, if any, to the government for such journeys?

5. What was the final result of Mr. Barber's journeys?

Mr. Barnett J. Danson (Parliamentary Secretary to the Prime Minister): I am informed by the Indian Claims Commissioner as follows: 1. Yes, to New Zealand and Australia; to gain first hand knowledge of the nature of Maori and Aboriginal claims, grievances, and approaches to settlement, for purposes of comparison to Canadian Indian claims and grievances.

2. and 3. Dr. Barber was not accompanied on this journey by anyone else travelling on behalf of the Government of Canada. However, the Commissioner's Director of Legal Research, Professor Ken Lysyk, travelled independently to Australia and New Zealand during the same period when Dr. Barber was in those countries. They were able to spend some time together in New Zealand.

4. The cost of these journeys is not available at this time as the accounting for them has not yet been completed.

5. The final result of Dr. Barber's journeys will, of course, not be known for some time. A report is in process.

AGRICULTURAL STABILIZATION BOARD

Question No. 581—**Mr. MacDonald (Egmont):**

1. What is the membership of the Agricultural Stabilization Board?

2. How often does it meet?

3. What are the responsibilities of its members and how are they selected?

4. Does the Board have a Secretariat and, if so, who are the staff members?

5. What is its budget?

6. What is the primary intent and purpose of the Board?

7. What are the rules and regulations which govern its activity?

8. When was it established and on what date was its last annual report published?

Mr. Marcel Lessard (Parliamentary Secretary to Minister of Agriculture): 1. According to section 3(1) of the Agricultural Stabilization Act the Board consists of three members.

2. In 1971-72, the Board held 32 official meetings plus numerous additional meetings with delegations, representatives of producer organizations and groups from the agricultural industry.

3. The Board is responsible for carrying out the purposes of the Act by taking such actions as are necessary to stabilize the prices of agricultural products. Members of the Board are appointed by the Governor in Council.

4. The Board employs a secretary-manager and a staff (Subsidy Processing Section) which has averaged approximately 85 in number over the past five years.

5. The 1972-73 budget: Operating—$541,000, grants to carry out programs under the Act—$111,400,000.

6. See item 3.

7. The Board is governed by the Agricultural Stabilization Act and Orders in Council passed pursuant to the Act.

8. The Act was assented to on January 31, 1958 and the last annual report tabled was for the 1970-71 fiscal year.

* * *

QUESTIONS PASSED AS ORDERS FOR RETURNS

ROYAL COMMISSIONS

Question No. 86—**Mr. Coates:**

1. How many Royal Commissions or other bodies of inquiry have been instituted by the federal government since June 25, 1968?

2. In each instance (a) what was the date of the establishment of the commission (b) what were the names of the persons appointed in each instance (c) has the commission completed its work and, if not, on what date is its work to be completed (d) how much has each of the persons appointed received in salary and expenses?

3. In each instance, were federal government facilities and employees used for any part of the work of the commissions and, if so, how were they used?

4. Has each commission used the printing facilities of the federal government to carry out its responsibilities in that regard and, if not (a) which commissions did not use such facilities for all of their work (b) in each instance, how was a determination made as to what private printing firms should be used for such work?

Return tabled.

CANADA'S CONTRIBUTION TOWARD GENERAL MAINTENANCE OF UNITED NATIONS

Question No. 279—**Mr. Robinson:**

In each year since the United Nations was created (a) how much has Canada contributed as its designated share toward the general maintenance of the United Nations (b) how many special funds of the United Nations has Canada contributed to (c) what has been the amount of each such contribution (d) for what purpose was each contribution made?

Return tabled.

NUMBER OF POST OFFICES BUILT IN PAST FOUR YEARS

Question No. 503—**Mr. Korchinski:**

1. In each province in the past four years, how many post offices were built by the Department of Public Works?

2. What was the location and what were the revenues in each case?

3. In each province, how many post offices were there that had revenues greater than the revenues at offices where construction was undertaken?

Return tabled.

MOTIONS FOR PAPERS

Mr. J. A. Jerome (Parliamentary Secretary to President of Privy Council): Mr. Speaker, notice of motion for the production of papers No. 61 is acceptable to the government.

COPY OF REPORTS RESULTING FROM 1971 INFORMATION CANADA COMMUNICATIONS RESEARCH PROJECT

Motion No. 61—**Mr. Rowland:**

That an Order of the House do issue for copies of the eight reports resulting from Summer 71 Information Canada Communications Research Project.

Motion agreed to.

Mr. Jerome: Mr. Speaker, would you be so kind as to call notices of motions Nos. 4, 11, 19 and 42?

COPY OF REPORTS CARRIED OUT UNDER AUSPICES OF CANADIAN COUNCIL ON ANIMAL CARE

Motion No. 4—**Mrs. MacInnis:**

That an Order of the House do issue for Assessment Reports carried out under the auspices of the Canadian Council on Animal care (a) in Canadian universities for the fiscal year 1970-71 (b) in federal government departments for the use of animals for experimental purposes, that is, the Department of Agriculture, the Department of National Health and Welfare, the National Research Council and the Defence Research Board, such reports covering the fiscal year 1969-70 (c) in Canadian pharmaceutical houses for the fiscal year 1969-70.

Mr. J. A. Jerome (Parliamentary Secretary to President of the Privy Council): Assessment reports under the auspices of the Canadian Council on Animal Care are confidential to the council and the particular bodies concerned. For this reason I would ask the hon. member to withdraw her motion.

Mrs. MacInnis: I do not believe that such reports should be kept secret and I therefore ask that this motion be transferred for debate.

Mr. Speaker: Transferred for debate.

Motions for Papers

CORRESPONDENCE BETWEEN MR. JOHN CARSON AND HON. JOHN TURNER REGARDING BILINGUALISM IN THE PUBLIC SERVICE

Motion No. 11—**Mr. Orlikow:**

That an Order of the House do issue for a copy of all correspondence between Mr. John Carson, Chairman of the Public Service Commission and the Honourable John Turner, Minister of Justice, regarding bilingualism in the Public Service and its application under the terms of the Public Service Employment Act.

Mr. Knowles (Winnipeg North Centre): Stand.

Mr. Speaker: Stand.

COPY OF CONSULTANT REPORT FOR CMHC REGARDING LONG-TERM DEVELOPMENT STUDY OF CITÉ DU HAVRE

• (1430)

Motion No. 19—**Mr. Skoberg:**

That an Order of the House do issue for a copy of the consultant report undertaken for Central Mortgage and Housing Corporation regarding the planning for a long-term development study of Cité du Havre in 1968, as mentioned in answer to Question Number 1,323 of the 1st Session of this Parliament.

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, I move this motion on behalf of the hon. member for Moose Jaw.

Mr. David Weatherhead (Parliamentary Secretary to Minister of State for Urban Affairs): Mr. Speaker, this report has not yet been presented to the Minister of State for Urban Affairs nor to the Minister of Transport. Officials of Central Mortgage and Housing Corporation and the National Harbours Board have been asked to study the report and make recommendations to the government. The report is, therefore, not available for tabling at this time. Under these circumstances, would the hon. member consider withdrawing his motion?

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, I would be glad to withdraw it, subject to the member's right to put it on the order paper again.

Mr. Speaker: Motion dropped.

Order discharged and motion withdrawn.

COPY OF AGREEMENT BETWEEN PANARCTIC OILS LTD. AND UNITED STATES COMPANIES WITH REFERENCE TO ARCTIC GAS

Motion No. 42—**Mr. Douglas:**

That an Order of the House do issue for a copy of the agreement between Panarctic Oils Ltd. and a consortium of United States companies consisting of Tenneco Oils and Minerals Ltd., Columbia Gas Systems Inc., Texas Eastern Transmission Co., and Northern Natural Gas Co. with reference to the right of first refusal on Arctic gas supplies.

Mr. J. A. Jerome (Parliamentary Secretary to President of the Privy Council): Mr. Speaker, tabling of this agreement without the written consent of both parties involved will constitute a breach of confidence on the part of the government. Since this consent cannot be obtained, this document must be considered as privileged information which cannot be tabled. Under the circumstances I would ask the hon. member to withdraw his motion.

Mr. Douglas: Mr. Speaker, since the government of Canada is the largest single shareholder in this company, I cannot accept the statement that consent cannot be given. Therefore I ask that the question be now put.

Mr. Jerome: Transfer for debate.

Mr. Speaker: Transferred for debate. Shall the remaining notices of motions stand?

Mr. Howard (Skeena): Mr. Speaker, there stand in my name five notices of motions for production of papers, namely Nos. 52 to 56 inclusive, all relating to the same general subject, namely, correspondence and reports respecting the proposal that a cannery be built in the Prince Rupert area. I raised this matter some time ago with the parliamentary secretary and asked him to speed up the response to these motions in view of the urgent need on the part of the proponents of the cannery to have this information before the fishing season has progressed too far. Could the hon. gentleman provide a response to these motions by next Wednesday?

Mr. Jerome: Mr. Speaker, I have again made a note of the numbers. I looked into these motions on the hon. member's behalf. While some portions of the answers are under preparation, other portions present more difficulty. We are still working on the matter but we do hope to be able to provide a response to them soon.

Mr. Speaker: Shall the remaining motions stand?

Some hon. Members: Agreed.

ORAL QUESTION PERIOD

ORDERS AND DECORATIONS

NEW CANADIAN SYSTEM OF HONOURS—POSITION RESPECTING FUTURE AWARDS OF VICTORIA CROSS AND GEORGE MEDAL

Hon. Robert L. Stanfield (Leader of the Opposition): Mr. Speaker, I should like to direct a question to the Prime Minister relating to one of the points that his statement on decorations did not cover. May I ask the right hon. gentleman whether it is intended that Commonwealth decorations such as the Victoria Cross and the George Medal will continue to be available to Canadian citizens?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, with regard to those two decorations it has been determined that those Canadians who have been awarded them will continue to wear them and that they will be given precedence over the new Canadian awards. As to future awards and the problem raised by the hon. member, we will seek the advice of the advisory committee to the Governor General.

Mr. Stanfield: Am I correct in assuming that the government has taken no decision with regard to the future awarding of Commonwealth decorations such as the Victoria Cross and the George Medal? Is it the intention of the government to take a definitive decision on this matter following the consultation referred to by the right hon. gentleman, or is it the intention of the government to seek advice from time to time on individual cases?

Mr. Trudeau: Mr. Speaker, there are some awards that the Sovereign makes in her own right, and of course these will continue to be awarded by her to citizens of the Commonwealth or the United Kingdom as she desires. Those that are made on the advice of Canadian governments will be subject to advice given from time to time by Canadian governments, and each government will be free to give what advice it finds desirable.

Mr. Stanfield: I do not want to be too persistent but I do want to make sure that I understand the government's position. I want to know what the position is of the existing government of Canada—and we will not speculate today on how long that will continue to be the case. Will the present government of Canada recommend the granting of any of these Commonwealth awards, or is it the policy of the present government of Canada not to make any such recommendation? For example, I am thinking of the George Medal which is associated not with wartime but with peacetime activity.

Mr. Trudeau: Mr. Speaker, as the hon. member knows, when this system was instituted in 1967 it was completely removed, I would say, from the government of the day's wills and whims and turned over to the Governor General and those named to advise him. I will continue to follow this practice, and that is why my first answer was that I would take advice from this advisory committee on awards. An expression of my own view would be that in the case of awards given by the Sovereign in her own right I would hope she would continue to want to give some to Canadians and to other citizens. But as a matter of preference I would hope that Canadian governments in the future would prefer to give some status to our own system of awards by placing emphasis on it and seeking to reward Canadians through a Canadian system of awards as an indication that we have reached full nationhood, rather than recommending a system of awards that is common to other countries. I would hope that the Leader of the Opposition would share this position.

NEW CANADIAN SYSTEM OF HONOURS—SUGGESTED RECOGNITION OF RIGHT HON. MEMBER FOR PRINCE ALBERT

Mr. Robert C. Coates (Cumberland-Colchester North): Mr. Speaker, I have a supplementary question for the Prime Minister. Is it the intention of the government sufficiently to broaden the basis of the awards so that a distinguished citizen who has made such an outstanding contribution to the building of this nation, the right hon. member for Prince Albert, is not precluded from being recognized because that great Canadian gentleman happens to be a member of the House of Commons?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I believe one of the rules—I am not sure whether it is written or unwritten or is a regulation of the order itself—provides that Orders of Canada awards are not given to, shall we say, politicians in active practice. Retired politicians—and this applies to several premiers of provinces whom I could name—have received the Order of Canada, but there has been a systematic avoidance of giving the award to politicians who are in good standing.

Mr. Coates: I asked the Prime Minister whether any consideration was being given to broadening these rules, and I should like to know whether it is going to be the intention of the government to continue to preclude the right hon. member for Prince Albert from being recognized for his contribution?

Mr. Trudeau: Mr. Speaker, I hope very much that after the next general election the committee will be able to consider making such an award to the former right hon. member.

Some hon. Members: Oh, oh!

NEW CANADIAN SYSTEM OF HONOURS—RETENTION OF PREROGATIVE TO RECOMMEND DECORATIONS COMMON TO COMMONWEALTH

Hon. J. A. MacLean (Malpeque): Mr. Speaker, I have a supplementary question for the Prime Minister. Is it the intention of the government to retain the prerogative of Canadian governments to make recommendations? I am thinking now chiefly of peacetime decorations that are common to the Commonwealth, if a future government should see fit so to do?

Right Hon. P. E. Trudeau (Prime Minister): Yes, Mr. Speaker. I would certainly want to go on record as stating that I hope that this government and also succeeding governments will not give up prerogatives that belong to the executive. Whether they would want to use it or not is a matter, as I mentioned to the Leader of the Opposition, of political expression. Certainly an example of this is the use of the appellation of "Right Honourable". The fact that I have not recommended to the Queen that any Canadians be given this title should not be taken as a suggestion that I have forgone this right as leader of the government.

• (1440)

NEW CANADIAN SYSTEM OF HONOURS—REQUEST FOR REFERENCE TO VETERANS AND DEFENCE COMMITTEES

Mr. Jack Marshall (Humber-St. George's-St. Barbe): Mr. Speaker, since this intention of the government will affect Canadians for many years, will the Prime Minister direct that the whole matter of awards for bravery be referred to the Standing Committee on Veterans Affairs and the Standing Committee on External Affairs and National Defence so that there may be a proper delineation of the plans of the government to the benefit of all Canadians?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, on the aspect of awarding these decorations I would certainly not like to see them handled by a parliamentary

committee. I would prefer to see them as detached as possible from political parties who happen to have been elected at a particular time, and that it should be done as it is now, as a prerogative exercise through and by the Governor General. If the House leaders want to get together and discuss the general subject, certainly the government will put no obstacles in their way.

Mr. Marshall: Mr. Speaker, perhaps the Prime Minister misinterpreted my question. Would he agree to bringing this matter before the standing committees so that veterans organizations could be heard in order that a proper plan could be devised which would be of benefit to all Canadians?

Mr. Trudeau: Mr. Speaker, it is not clear to me from the hon. member's question what it is about which he suggests these people be heard. If it is about the awarding of the decorations and honours, I have answered in the negative. I would hope it would not be for the standing committee or anyone in this House to decide who should receive awards. The advice of the veterans can and should be channelled through the Governor General and through the advisory board which has been set up. They have in the past and will continue to receive nominations for the various awards from all citizens.

Mr. Speaker: The Chair will recognize the hon. member for Ontario on a supplementary question, but perhaps we might then go on to the next subject. If hon. members feel the matter is of such importance that it should be given further consideration, we might return to the subject later during the question period. For the moment the Chair recognizes the hon. member for Ontario, to be followed by the hon. member for York South.

Mr. Norman A. Cafik (Ontario): Mr. Speaker, I have a supplementary question to the Prime Minister on the subject of bravery awards. I wonder whether he would give consideration to giving such an award to the Leader of the Opposition for daring to sit with his back to the hon. member for Crowfoot?

Some hon. Members: Shame!

Mr. Bell: Withdraw!

Mr. Stanfield: Mr. Speaker, I do not think I am unduly sensitive, and I do not want to adopt an attitude of undue propriety toward the hon. member, but with all due respect to him I think he is making light of a pretty important subject.

Some hon. Members: Hear, hear!

Mr. Speaker: Order, please. I had the feeling that the moment had been reached when we should go on to the next subject. Perhaps I regret recognizing the hon. member for Ontario. The hon. member for York South.

Mr. Horner: Mr. Speaker, on a question of privilege—

Mr. Speaker: Is the hon. member rising on a question of privilege?

[Mr. Trudeau.]

Mr. Horner: Yes, Mr. Speaker. I do not want to prolong this issue, but I believe the hon. member's remarks cast a reflection upon me and actions I may or may not take. In all fairness to myself and the House, I suggest that his remarks are not parliamentary and the hon. member should be asked to withdraw them.

Some hon. Members: Withdraw!

Mr. Speaker: Order, please. I might say it was my impression that the hon. member for Ontario was smiling when he made those remarks.

Some hon. Members: Oh, oh!

Mr. Bell: The smile is not on the record.

Mr. Speaker: The hon. member suggests that the smile is not on the record, and I agree with him. The question period is limited to 40 minutes and I suggest that hon. members should give serious thought to the questions they ask. I agree with the hon. member for Crowfoot that the hon. member for Ontario has no right to cast reflections on the actions of hon. members.

Some hon. Members: Hear, hear!

Mr. Speaker: At the same time it is my impression that the hon. member did not intend to do so, and I would invite him to confirm that understanding.

Mr. Cafik: Mr. Speaker, I am certainly delighted to record the smile that was in fact on my face at that time. I certainly did not, nor have I ever since becoming a member of this House, intend to cast any reflection on either the Leader of the Opposition or the hon. member for Crowfoot.

An hon. Member: You were caught in a cheap tactic.

Mr. Bell: There goes another riding. How many have you got left now?

Mr. Speaker: Order, please. We will go to the next subject. The hon. member for York South.

Mr. Lewis: Mr. Speaker, I intend to fulfil your wish by going to another subject, but I cannot pass the opportunity without saying that apparently the smile on the face of the hon. member for Ontario does not improve his manners.

Some hon. Members: Hear, hear!

Mr. Cafik: On a question of privilege—

Mr. Speaker: Order, please. The hon. member for York South was recognized for the purpose of asking a question. He has passed this up in favour of a question of privilege by the hon. member for Ontario.

Mr. Cafik: Mr. Speaker, I have no objection to what the leader of the NDP said provided it is understood he means that these manners could not be improved.

An hon. Member: You are getting in deeper and deeper.

Mr. Bell: I move the adjournment of this debate.

Mr. Hees: There are some people you just can't teach.

Mr. Speaker: Order, please. I wonder if we might now return to the business of the House of Commons. The hon. member for York South.

* * *

CANADIAN BROADCASTING CORPORATION

DISPUTE WITH NABET—POSITION OF NEGOTIATIONS—INTERVENTION OF MEDIATOR

Mr. David Lewis (York South): Mr. Speaker, I have a question for the Secretary of State or the Minister of Labour—I do not know which one may be able to inform the House. Have negotiations between the CBC and NABET resumed, and is there any mediator or conciliator present during these negotiations?

Hon. Martin P. O'Connell (Minister of Labour): Mr. Speaker, about two weeks ago the corporation made a statement of its position. Earlier this week NABET put forward a statement of its position. A mediator is there to try to reconcile the differences that still exist.

Mr. Lewis: Mr. Speaker, the minister did not quite answer my question. This difficulty has gone on for many months and I should like to know from the minister whether the parties are now meeting with the mediator present, or are the talks still continuing at arms length?

Mr. O'Connell: The latter is the current situation, Mr. Speaker. The parties are meeting each other only through the mediator, not jointly.

Mr. Lewis: Mr. Speaker, perhaps you will say this is a representation, but I will try to word it so it is not. May I ask the minister whether he is prepared to take steps now to request or require the parties to meet with the mediator present in continuing sessions, day and night, until they reach a settlement, before the CBC is done irreparable harm?

Mr. O'Connell: Mr. Speaker, I think all of us share the concern about the length of the negotiations. At the same time, the two parties must show a will to negotiate before any useful measure of progress can be made.

Mr. A. P. Gleave (Saskatoon-Biggar): Mr. Speaker, in view of the continued disruption of CBC services as a result of the strike of its employees, and in view of the fact the president of the CBC seems unable to deal with the situation, is it the intention of the government to hasten the departure of the president of that corporation in order that new management may have an opportunity of attempting to negotiate a settlement?

Inquiries of the Ministry

• (1450)

[*Translation*]

YOUTH

OPPORTUNITIES FOR YOUTH PROGRAM—MAXIMUM NUMBER OF PROJECTS TO BE APPROVED

Mr. Adrien Lambert (Bellechasse): Mr. Speaker, I should like to put my question to the Secretary of State.

In the last press release concerning Opportunities for Youth, it is stated that the number of approved projects has now reached 2,845. May I ask the minister whether the approved projects have now been selected to reach 3,000, as previously announced.

Hon. Gérard Pelletier (Secretary of State): Mr. Speaker, I will inquire to see whether there are still some projects to be announced but 3,000 has never been a mystic number and has never given rise to a profession of faith. We said that about 3,000 projects could be subsidized, according to the criteria and the available funds.

Mr. Speaker: Does the hon. member for Bellechasse wish to ask a supplementary?

Mr. Lambert (Bellechasse): Yes, Mr. Speaker.

I heard the minister's reply and I presume that it is still possible for projects to be accepted and that the responsible persons will be notified without delay.

Mr. Pelletier: I think that the hon. member is indeed presumptuous, Mr. Speaker.

[*English*]

OPPORTUNITIES FOR YOUTH PROGRAM—REJECTED APPLICATIONS—RESULTS OF SOLICITATION OF COMPANIES TO PROVIDE JOBS

Mr. Lorne Nystrom (Yorkton-Melville): Mr. Speaker, I have a supplementary question for the Secretary of State. In view of the fact that the government has had a team calling on businessmen during the month of May to solicit private support for the opportunities for youth project applications turned down by the government, would the minister inform the House when he will publish the list of corporations that have agreed to participate in this plan?

[*Translation*]

Hon. Gérard Pelletier (Secretary of State): Mr. Speaker, as soon as we consider it complete. For the time being, I regret to inform the hon. member that it is not a long list.

* * *

[*English*]

TRANSPORT

POSSIBLE RAPID TRANSIT SYSTEM BETWEEN WINDSOR AND QUEBEC CITY—POLICY RESPECTING FURTHER ATTEMPTS TO CURTAIL RAIL SERVICE

Mr. H. W. Danforth (Kent-Essex): Mr. Speaker, I had intended my question for the Minister of Transport who, according to the roster, was to be here, but in his absence I will direct it to the acting minister or to the parliamen-

tary secretary. My question is based on a public statement by the Minister of Transport that the government is looking into ways of introducing rapid transit between Windsor and Quebec City. May I ask whether it will be government policy to resist any attempt to further curtail the present rail service in this area until at least a feasible alternative can be provided?

Hon. Jean Marchand (Minister of Regional Economic Expansion): Mr. Speaker, I will take the question as notice.

* * *

[*Translation*]

LABOUR RELATIONS

QUEBEC—LONGSHOREMEN'S STRIKE—STATUS OF NEGOTIATIONS—MEASURES TO SETTLE DISPUTE

Mr. Georges Valade (Sainte-Marie): Mr. Speaker, I have a question for the Minister of Labour with regard to a question asked yesterday dealing with the situation in the ports of Montreal, Trois-Rivières and Quebec City and to which his colleague answered but not in a satisfactory way.

Considering the national importance of the situation resulting from the dilemma in which the Maritime Employees and Longshoremen's Association in the abovementioned ports find themselves and which gives rise to a daily loss of $100,000 for the Canadian economy, can the Minister of Labour tell the House what action he himself and the government intend to take to solve this conflict? Could he also tell the House what the situation is presently between the two parties?

[*English*]

Hon. Martin P. O'Connell (Minister of Labour): Mr. Speaker, the collective agreement that is in dispute with respect to certain clauses itself provides the means for resolving the dispute, that is, the use of the arbitration procedure. Arbitrators are named in the agreement itself. Either or both parties should make use of the arbitration procedure to settle that dispute. At the same time, the senior officers of the department in Montreal have remained in close touch with both parties, urging them to this course or to any other useful negotiations that would bring an end to the dispute.

[*Translation*]

QUEBEC—LONGSHOREMEN'S STRIKE—RECOURSE TO ARBITRATION—INTERVENTION BY THE MINISTER

Mr. Georges Valade (Sainte-Marie): Mr. Speaker, I should like to put a supplementary question to the Minister of Labour; can he say whether, as far as he knows, either party has actually called for arbitration in the present dispute?

[*English*]

Hon. Martin P. O'Connell (Minister of Labour): Mr. Speaker, neither party has used the arbitration procedure.

[Mr. Danforth.]

[*Later:*]

[*Translation*]

Mr. Valade: Mr. Speaker, because of the importance of this question which affects the whole Canadian economy, I should like to ask the Minister of Labour to say honestly to the House whether, before this situation which seems to become more and more tense between both parties involved, he intends to act and propose a settlement for this dispute?

[*English*]

Mr. O'Connell: We are making every effort available to the Department of Labour to urge the parties to make use of the process which the Labour Code requires and which the collective agreement provides to settle that dispute.

QUEBEC—LONGSHOREMEN'S STRIKE—SUGGESTED ACTION BY GOVERNMENT UNDER LABOUR CODE

Mr. Lincoln M. Alexander (Hamilton West): Mr. Speaker, in view of the fact that the present Labour Code commands that the government intervene at this time because, as I understand it, the parties are contravening the law, will the minister step in now and advise the parties that they must come to arbitration?

Hon. Martin P. O'Connell (Minister of Labour): Mr. Speaker, may I say with all due respect to the hon. member that I think he is misinterpreting sections 124 and 125 of the Labour Code. It is the parties themselves that go to arbitration.

QUEBEC—LONGSHOREMEN'S STRIKE—EFFECT ON GRAIN SHIPMENT

Mr. Jack Murta (Lisgar): Mr. Speaker, I have a supplementary question for the Minister of Labour. It concerns the strike at the St. Lawrence ports and the effect on grain shipment. Since all the hopper cars in the world will not be any good if grain shipments are affected by this kind of strike, I should like to ask the minister how long the government plans to let the situation continue before doing something positive about it?

Mr. Speaker: Order, please.

* * *

GRAIN

OATS—INQUIRY AS TO FINAL PAYMENT FOR 1970-71 CROP YEAR

Mr. Don Mazankowski (Vegreville): Mr. Speaker, my question is for the minister in charge of the Wheat Board. Is he in a position to advise the House whether a final payment will be made on deliveries of oats for the crop year 1970-71, and could he enlighten the House as to when we might expect an announcement?

Hon. Otto E. Lang (Minister of Justice): Mr. Speaker, progress is being made toward the closing of this pool. I do not have a specific date when the announcement might be made, but I will get it for the hon. member.

ENERGY

NATURAL GAS—REQUEST FOR STATEMENT ON LEVELS TO BE HELD FOR DOMESTIC USE BEFORE ADDITIONAL EXPORT PERMITTED

Mr. T. C. Douglas (Nanaimo-Cowichan-The Islands): Mr. Speaker, may I direct a question to the Minister of Energy, Mines and Resources arising out of his statement to the Canadian Gas Association annual meeting in which he indicated that Canada hoped soon to be able to prove up additional reserves so as to permit export of more gas to the United States. Would he be prepared to make a statement on motions outlining the government's position with respect to its gas policy and indicating in particular what levels of gas will be held for domestic consumption prior to any additional export of gas being permitted?

Hon. Donald S. Macdonald (Minister of Energy, Mines and Resources): Mr. Speaker, perhaps I might remind the hon. member that under an act of this parliament the responsibility for determining reserves and passing on individual export permits has been given to the National Energy Board. Therefore it would not be appropriate for the minister to say at what particular levels an export permit would or would not be granted.

Mr. Douglas: Mr. Speaker, in view of the fact that gas sales in Canada have gone up only 10 per cent in the first quarter of this year and gas exports to the United States under existing contracts rose by 16 per cent, may I ask will the minister explain to the House why he rather than the National Energy Board was indicating to the gas association—

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

* * *

FINANCE

INQUIRY AS TO REFERENCE OF ANTI-DUMPING TRIBUNAL DECISIONS TO FEDERAL COURT IN ADDITION TO CANADIAN PITTSBURGH GLASS CASE

Hon. Marcel Lambert (Edmonton West): Mr. Speaker, my question is for the Minister of Justice. The other day I asked him a question concerning the reference to the Federal Court of the Canadian Pittsburgh Glass anti-dumping decision. Would he now advise the House whether his department or the government has decided to refer any of the other 20 or so decisions of the anti-dumping tribunal for review by Federal Court authorities?

Hon. Otto E. Lang (Minister of Justice): Mr. Speaker, the specific grounds for taking action in the Pittsburgh case are apparent in the material which is filed. It is the only one on which action has been taken, and I will certainly not speculate on what action might be taken in all sorts of different hypothetical situations.

Mr. Lambert (Edmonton West): It is not a question of hypothetical cases but a matter of policy to have other decisions reviewed in light of what has been disclosed in the Canadian Pittsburgh case.

Inquiries of the Ministry

Mr. Lang: As I made it clear to the House before, it is not appropriate to speculate about what action might be taken. If action is taken, it will be known.

* * *

• (1500)

[*Translation*]

REGIONAL ECONOMIC EXPANSION

CLOSING OF CIP PLANT AT TEMISCAMING—DISCUSSION WITH QUEBEC AUTHORITIES TO REMEDY SITUATION

Mr. Réal Caouette (Témiscamingue): Mr. Speaker, my question is directed to the Minister of Regional Economic Expansion.

Since the International Paper Company of Canada is closing its plant at Temiscaming today, did the minister get in touch with the provincial authorities last week or in the last ten days in order to find a solution to this problem or to find ways of helping the people who are being laid off today at Temiscaming?

Hon. Jean Marchand (Minister of Regional Economic Expansion): Mr. Speaker, as I already stated in this House, we are trying to find out what activity could replace the CIP plant. Now, neither the company nor the people from Kipawa got in touch with my department.

* * *

NATIONAL PARKS

PROPOSED NATIONAL PARK IN TÉMISCAMINGUE AREA—STATUS OF NEGOTIATIONS WITH PROVINCIAL AUTHORITIES

Mr. Réal Caouette (Témiscamingue): Mr. Speaker, I have a supplementary for the hon. Minister of Indian Affairs and Northern Development in charge of national parks because it is directly related to the Témiscamingue area.

Have there been any further developments in negotiations between Quebec and Ottawa concerning the national park at Témiscamingue proper, and has an agreement been arrived at?

Hon. Jean Chrétien (Minister of Indian Affairs and Northern Development): Mr. Speaker, no agreement has yet been arrived at but I can tell the hon. member that I discussed the matter last Thursday with Premier Bourassa while I was in Quebec City.

* * *

[*English*]

SOCIAL SECURITY

REPLY OF PROVINCES TO REQUEST FAMILY ALLOWANCES NOT BE CHARGED AGAINST SOCIAL ASSISTANCE PAYMENTS

Mr. Jack Marshall (Humber-St. George's-St. Barbe): Mr. Speaker, may I direct a question to the Minister of National Health and Welfare. Can the minister advise the House

whether he has received replies from all the provinces to his request that family allowance payments should not be charged against social assistance payments?

Hon. John C. Munro (Minister of National Health and Welfare): No, I have not, Mr. Speaker.

* * *

INDIAN AFFAIRS

JAMES BAY HYDROELECTRIC PROJECT—SUGGESTED ENLARGEMENT OF COMMITTEE ON DEVELOPMENT TO INCLUDE INDIAN REPRESENTATIVE

Mr. W. B. Nesbitt (Oxford): Mr. Speaker, I have a question for the Minister of Indian Affairs and Northern Development. Does he intend to expand the number of people on the recently created three-man committee to work out a framework for discussion of the future development of the James Bay region in order that a member of the James Bay Indian community may take part in all decisions that will affect the native population in the area?

[*Translation*]

Hon. Jean Chrétien (Minister of Indian Affairs and Northern Development): Mr. Speaker, the way in which the hon. member phrased his question does not do justice to the situation. This is not a negotiating committee, but only a group of officials who will meet in order to establish a procedure for everyone to sit at the same table and find a solution.

I talked with the president of the Association of Indians of Quebec yesterday and their lawyer and they are quite happy with these developments.

[*English*]

Mr. Speaker: Order, please. I will recognize the hon. member for Oxford on a supplementary, but it is my duty at this point to bring to the attention of hon. members that there are perhaps fewer than ten minutes before the end of the question period and at least 20 members are rising to ask questions. We will have to attempt to limit the number of supplementaries because again today many members, particularly in the back rows, will not be given an opportunity to ask questions, and it seems to me that this happens too often from day to day.

Mr. Nesbitt: This is only a brief supplementary, Mr. Speaker. Can the minister give the House the assurance that the views of the Indian and Eskimo people who live in the area will be given every consideration when this committee is set up, and also in regard to the functions which it will perform?

[*Translation*]

Mr. Chrétien: Of course, Mr. Speaker, and this is why I dealt with it myself. It was at the request of the Indians and Eskimoes of northern Quebec that I went to meet Premier Bourassa last week.

[Mr. Marshall.]

[*English*]

CRIMINAL CODE

SUGGESTED AMENDMENT TO ASSURE INDIANS RIGHT TO LEGAL COUNSEL IN CRIMINAL CASES

Mr. John Gilbert (Broadview): Mr. Speaker, my question is directed to the Minister of Justice. In view of the large number of Indians in penal institutions in relation to their percentage of the population, and in view of the convention held in Saskatoon, Saskatchewan, last weekend at which it was indicated that a good number of them are not aware of their rights in regard to legal counsel and criminal court procedures, will the minister consider amending the Criminal Code to assure them the right to counsel in criminal cases?

Hon. Otto E. Lang (Minister of Justice): Mr. Speaker, the question of possible amendments to the Criminal Code is, of course, in the hands of researchers within the Law Reform Commission as well as within the department, and particular improvements are under consideration. More immediately, there are moves afoot to improve legal aid approaches across the country, which is the most effective way of assuring legal assistance to people who need it.

* * *

POLLUTION

OTTAWA RIVER—REQUEST FOR ACTION TO REMEDY SITUATION

Hon. George Hees (Prince Edward-Hastings): Mr. Speaker, I wish to direct a question to the Minister of the Environment. Has the minister noticed the massive pollution that is floating by on top of the Ottawa River only 100 yards from where we are sitting at this moment, and when may the country expect that this once beautiful river will be cleaned up?

Hon. Jack Davis (Minister of the Environment): Mr. Speaker, I am sure the hon. member has seen the announcement that the federal government is buying out the mills on the other side of the river and that they will be shut down shortly.

Mr. Hees: I point out that the pollution to which I am referring comes from higher up the river; it is massive, and it is there for everybody to see. Will the minister please do something about it?

* * *

FISHERIES

ICNAF ANNUAL MEETING—REACTION OF OTHER COUNTRIES TO CANADIAN PROPOSALS

Mr. Lloyd R. Crouse (South Shore): Mr. Speaker, I have a question for the Minister of Fisheries. Has the minister been in touch with our representatives at the twenty-second annual meeting of the International Commission for the Northwest Atlantic Fisheries in Washington and, if so, when will he be in a position to report to the House on

the attitude of the delegates to this conference to Canada's proposals concerning conservation, special preference for coastal states, and the restriction of high seas salmon fishing by the Danes?

Hon. Jack Davis (Minister of Fisheries): Mr. Speaker, I have been in touch daily with our delegation in Washington. These discussions are proceeding satisfactorily. It looks as though our basic proposal for over-all and national quotas will be accepted by the Commission.

ICNAF ANNUAL MEETING—POSSIBILITY OF COMPROMISE AGREEMENT IN LIGHT OF SUPPORT FOR DANISH POSITION ON HIGH SEAS SALMON FISHING

Mr. James A. McGrath (St. John's East): Mr. Speaker, may I ask the minister what are the chances for Canada achieving some kind of a compromise agreement in light of what appears to be unexpected support for the Danish position from other quarters apart from the United States and West Germany?

Hon. Jack Davis (Minister of Fisheries): Mr. Speaker, negotiations are still under way and I cannot anticipate their conclusion.

* * *

NATIONAL SECURITY

ALLEGED SUBVERSIVE ACTIVITIES—REQUEST FOR INFORMATION ON WHICH ANSWERS BASED RESPECTING POSSIBILITY OF MEMBER FOR TRINITY HAVING BROKEN OATH OF OFFICE

Mr. Eldon M. Woolliams (Calgary North): Mr. Speaker, my question is on the matter of security and is addressed to the Prime Minister. In light of the answer to a question put by the hon. member for Humber-St. George's-St. Barbe, found at page 2629 of *Hansard*, in which the Solicitor General said, referring to the hon. member for Trinity, that if he "wants to break his oath or hide behind it to arouse suspicion, it is up to him", and the answer by the Prime Minister that "some of his allegations"—meaning the hon. member for Trinity—"are apparently based on some things he got from cabinet" and "these communications are certainly privileged and under oath of secrecy", what facts did the hon. member for Trinity, the former deputy prime minister of Canada in this government, disclose as alleged by the Prime Minister to suggest that the former deputy prime minister broke his oath of office as a Privy Councillor in the Canadian government?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I used the word "apparently" in my answer because I had not looked too closely at the matter. I have a transcript of the remarks made in the CBC news interview and apparently the commentator himself, in introducing the hon. member for Trinity, said this: "He also"—meaning the hon. member for Trinity—"admitted he was making the statement at the risk of breaking his cabinet oath of secrecy."

Mr. Woolliams: Mr. Speaker, I am not asking the Prime Minister about the commentator on the CBC. I am asking the Prime Minister about his statement and the statement of the Solicitor General that the hon. member for Trinity, the former deputy prime minister of this country, broke his oath of office as alleged by the Prime Minister yesterday. What particular facts did the hon. member for Trinity state, on the basis of which the Prime Minister said he broke his oath of office?

Mr. Trudeau: Mr. Speaker, the hon. member is misquoting me. I did not say he broke his oath of office, nor did the Solicitor General say that.

Mr. Woolliams: I do not want to get into an argument with the Prime Minister. The words speak for themselves. Would the Prime Minister be prepared to make the same statement outside the House as he made in the House yesterday so that the hon. member for Trinity would have the proper remedy in law with respect to that statement?

Mr. Benson: Is this a new recruit for Action Canada?

* * *

INDIAN AFFAIRS

INQUIRY AS TO RESOLUTION OF ABORIGINAL RIGHTS NOT COVERED BY TREATIES

Hon. Robert L. Stanfield (Leader of the Opposition): Mr. Speaker, I wish to direct a question to the Minister of Indian Affairs and Northern Development with regard to the matter of aboriginal rights outside areas covered by treaties. Has the minister taken any initiative with regard to the resolution of these claims, as distinct from any rights or controversies over rights arising out of treaties?

[*Translation*]

Hon. Jean Chrétien (Minister of Indian Affairs and Northern Development): Mr. Speaker, as I already told the House, the question has been referred by the Indians of northern British Columbia, the Nishga Tribal Council. The question is now being dealt with by the Supreme Court of Canada and only once that Court has passed judgment shall I be in a position to make comments.

• (1510)

[*English*]

Mr. Stanfield: Is it the position of the government that this is a matter to be resolved by the courts and that the government does not intend to adopt any other method to achieve the resolution of these claims?

[*Translation*]

Mr. Chrétien: Mr. Speaker, it is customary to avoid making any comments on such questions while they are being examined by the Supreme Court so as not to give the impression that we intend to influence the court.

[*English*]

Mr. Stanfield: You can't get away with that.

Inquiries of the Ministry

NATIONAL PARKS

LAKE LOUISE PROJECT—OPPOSITION OF ALBERTA—GOVERNMENT POSITION

Mr. Randolph Harding (Kootenay West): Mr. Speaker, I have a question for the Minister of Indian Affairs and Northern Development. In view of the Alberta government's recently announced opposition to the proposed $30 million Esso Village Lake Louise project in which five serious defects were listed, has the minister's department been officially informed by the Alberta government of its opposition to the plan and, if so, what is his reaction to it?

[*Translation*]

Hon. Jean Chrétien (Minister of Indian Affairs and Northern Development): Mr. Speaker, I did receive a letter from the Alberta Minister of Intergovernmental Affairs in which he informs me of the position of his government. It is both a refusal and an acceptance; it is difficult to interpret. I think they are at the same time for and against it and the government will have to make the decision and to take into account their pros and cons.

[*English*]

LAKE LOUISE PROJECT—REQUEST FOR DELAY TO PERMIT ECOLOGICAL STUDY

Mr. Randolph Harding (Kootenay West): Will the minister place a moratorium on the project until the issues raised by the Alberta government have been resolved and a thorough ecological impact study has been done by competent ecologists and evaluated at a future public hearing?

[*Translation*]

Hon. Jean Chrétien (Minister of Indian Affairs and Northern Development): Mr. Speaker, this project is being considered. No works were undertaken in the area of Lake Louise. It is out of the question to impose a moratorium because there are in fact no works. It is only a project which is being examined by the government.

* * *

BILINGUALISM

ARTICLE PUBLISHED IN "CANADA TODAY"—ALLEGED FAILURE OF GOVERNMENT POLICY

Mr. René Matte (Champlain): Mr. Speaker, I wish to direct a question to the Prime Minister.

Would he indicate whether he intends to make a statement concerning the article published in "*Canada Today*" which deals with the failure of the government policy on bilingualism?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I will certainly not make a statement, but I can definitely say that the hon. member's information is inaccurate, or that his reading of the article is extremely prejudiced.

[Mr. Stanfield.]

FEDERAL-PROVINCIAL RELATIONS

STATEMENT BY QUEBEC PREMIER ON FEDERAL POWERS—POSITION OF PRIME MINISTER

Mr. Roch La Salle (Joliette): Mr. Speaker, my question is directed to the Prime Minister.

Three days ago the Quebec premier, commenting on an interview report of a deputy minister of Governmental Affairs of that province, publicly acknowledged that it was imperative to attack the federal government's famous spending power. According to his statement—

Mr. Speaker: Order. Would the hon. member please ask his question? The oral question period will soon be over. The hon. member should ask a question, not make a speech.

Mr. La Salle: I was coming to my question, Mr. Speaker.

I should like to ask, in view of this statement, whether the Prime Minister is prepared to reconsider his position in relation to this very important problem, as far as the province of Quebec is concerned?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I do not usually make any comment on reports made by provincial public servants to their ministers, and moreover I have not heard about this report at all.

Mr. La Salle: I wish to ask a supplementary, Mr. Speaker.

In view of the statement of the Quebec premier to the effect that at the last federal-provincial conference that matter had not been discussed in depth, would the right hon. Prime Minister be prepared to invite provincial authorities to have another discussion on this matter?

* * *

[*English*]

INDIAN AFFAIRS

JAMES BAY HYDROELECTRIC PROJECT—SUGGESTED ENLARGEMENT OF COMMITTEE ON DEVELOPMENT TO INCLUDE INDIAN REPRESENTATIVE

Mr. Paul Yewchuk (Athabasca): Mr. Speaker, my supplementary question to the Minister of Indian Affairs and Northern Development pertains to Indian rights. Does the minister intend to expand the number of people on the recently formed three-man committee created to work out a framework for discussion of future development of the James Bay region in order that a member of the Indian community may take part in any and all discussions or decisions which will affect the native population of this area?

Hon. Jean Chrétien (Minister of Indian Affairs and Northern Development): Mr. Speaker, I should like to answer that there is confusion in the opposition ranks because this is exactly the same question as that put by the hon. member for Oxford a few minutes ago.

Mr. Speaker: Order, please. We have reached the end of the question period. I believe the hon. member for Koote-

nay West had a supplementary to a previous question. If not, we will call orders of the day.

* * *

NATIONAL PARKS

LAKE LOUISE PROJECT—REQUEST FOR STATEMENT ON GOVERNMENT POSITION FOLLOWING PUBLIC HEARINGS

Mr. Randolph Harding (Kootenay West): Mr. Speaker, this is a supplementary to my previous question to the Minister of Indian Affairs and Northern Development. Has the minister's department evaluated the material gathered at the recent public hearings into the Village Lake Louise project, and when may we expect a decision or a statement on this matter by the minister?

[*Translation*]

Hon. Jean Chrétien (Minister of Indian Affairs and Northern Development): Mr. Speaker, we have received representations from many representative bodies, some of which were in favour of it and others were not. The government of Alberta has finally let us know his position. We are making a review of all these recommendations, and I expect to be able to inform the House, before the summer recess, of the government's decision about this matter.

[*English*]

Mr. Speaker: Order, please. I apologize to hon. members for not having had an opportunity to recognize the hon. member for Fundy-Royal, the hon. member for Simcoe North and others who perhaps should have been recognized today. I will try to give them priority tomorrow. I again apologize for the fact that I did not have an opportunity to call upon them. Orders of the day.

• (1520)

GOVERNMENT ORDERS

FOREIGN TAKEOVERS REVIEW ACT

MEASURE TO PROVIDE FOR CONTROL OF FOREIGN OWNERSHIP OF CANADIAN COMPANIES

The House resumed, from Tuesday, May 30, consideration of the motion of Hon. Jean-Luc Pepin that Bill C-201, to provide for the review and assessment of acquisitions of control of Canadian business enterprises by certain persons, be read the second time and referred to the Standing Committee on Finance, and Economic Affairs.

Mr. Lorne Nystrom (Yorkton-Melville): Mr. Speaker, yesterday I had an opportunity to begin my speech on the foreign takeover bill. During the brief moments that I had, I made some serious charges, I used some tough words, and I did that quite intentionally. I did it because I think that this bill is far from adequate; it is not going to solve any of the problems connected with foreign ownership in this country. I think that the government has sold out, to a large extent, the continentalists' interest in their policy to the multinational corporations and to the status quo. According to public opinion polls, it seems that most Canadians expected a great deal more from this government and they expected it to act in a more conclusive and decisive manner.

The bill before us will deal with only a very small part of foreign ownership and it is a disappointment to me and most people in my constituency. I can say that most of the people in a constituency like Yorkton-Melville are becoming concerned about the general question of foreign ownership in our economy, and about Canada for Canadians. They are concerned when they realize that, because of our branch plant economy, we are starting to lose a great many jobs and that a lot of money is going out of the country, but most of all they want us to develop an economy that will be controlled by Canadians for their own use.

I do not want to leave the impression that the whole question of foreign ownership is a simple one. I realize that it is a complex problem and there is no simple solution; instead, there are many different solutions. All of us know the degree of foreign ownership in Canada. Approximately two-thirds of our economy is foreign controlled, and I have here some figures for 1970 dealing with American corporations alone, not touching on Japanese, British or French corporations. In 1970, 97 per cent of the automobile and parts industry was owned by American corporations; 91 per cent of the Canadian rubber industry was owned by American corporations; 66 per cent of the electrical apparatus industry in this country and 60 per cent of the petroleum and natural gas industry was owned by Americans. If corporations from other countries were added, most of these figures would go higher.

What we need is fairly obvious; we need laws to repatriate this country's economy and put it in the hands of Canadians. I think it can be done. The Watkins report and the Gray report not only analyse our problems but suggest many approaches we can use for solving them. For example, Sweden, in 1935, faced a similar difficulty. That economy was foreign-owned. Then, the Social Democratic party took power and, today, Sweden controls its own economy. They repatriated it. I point out, also, that 100 years ago the United States was being developed with foreign capital, mostly from the British Isles. Today, the United States controls its own economy. Other countries like Mexico are taking steps to repatriate their own economies. I suggest Canada can do that.

Let me make it clear that when I am talking about Canadianism and repatriating our own economy, I am not being anti-American. Being interested in repatriating our economy is not being anti-American, I suggest. I do not blame the Americans for owning so many of our key resources and industries. If I were the head of a huge American oil company, saw the tax laws of Canada and the resources waiting to be exploited in this country, I would do the same; therefore, I do not blame the Americans. As I remember, the leader of my party said in the House the other day, "We have not been raped by the Americans; we have invited seduction." It is not the fault of the American people or of American financial institutions that we are foreign-controlled in large part. It is the fault of successive Canadian governments which, for

dozens of years, have allowed foreign corporations in, hampered them with few rules and limitations, and allowed them to make profits which they have taken across the border.

In my travels to the United States and across this country, I meet many Americans. They ask me, "Why do you not curtail the high incidence of foreign ownership in your country?" They say that they would not tolerate this in the United States and ask why we tolerate it in our country. I am angry at our tolerating it and that is why I and over half the Canadian people, I suggest, want us to do something about this question here and now. Doing that, I suggest, is not anti-American. Anyone who suggests it is drags a red herring across this debate and is not intellectually honest.

In my speech I shall touch on four important areas of concern to the Canadian people: First, the field of social culture; second, the number of jobs we lose because much of our economy is foreign owned; third, the wealth that goes out of our country because we are a branch plant economy; and fourth, our loss of political independence resulting from so much of our economy being foreign owned and controlled.

Returning to the area of social culture, I suggest that the government in the past few years has provided some leadership in this field, especially in the area of broadcasting. Now, laws and regulations govern Canadian content in broadcasting. Regulations governing radio and television broadcasting provide that Canadian radio and television stations must be 80 per cent Canadian-owned. That is a stringent provision. Moves like that are good, and I think they should be followed in many other sectors of the economy, if Canada is to be a country of which we are to be proud. Not enough has been done in other fields of social culture.

The hon. member for Fundy-Royal (Mr. Fairweather) suggested that the book publishing industry should be designated as a sensitive and important industry, important for the cultural development of Canada. I agree. I recall, as I went through the public school and high school system, that some of my fellow students were more aware of Lincoln than of Macdonald, of Jefferson than of Laurier, mainly because we used many American textbooks. Those books referred to American politicians and to important and prominent people of that country. The Canadian government must show much greater leadership in this field if it is serious about returning control of Canada to Canadians. Let us look for a moment at professional sports, and at hockey in particular. Look at the National Hockey League; that is controlled from the United States. True, many Canadian players are employed in hockey in the United States; nevertheless, the hockey league is dominated by American financial interests. I suggest that this is another area that has been completely ignored in the present debate. Apparently, foreign domination of our culture is overlooked.

There is one notable exception to this state of affairs in this country. French Canada is not dominated culturally by foreigners. In French Canada there is a specific culture; there, they speak their own language, watch their own television programs and their own movies, listen to their own songs and read their own writers. I am proud of this. I am happy that one part of Canada is distinctly Canadian and is not being swamped by American culture. I wish the same could be said of English speaking Canada, because if it could be, our country would be better and stronger. Fortunately or unfortunately, much depends on the laws our government will be prepared to pass.

Touching the second point, I want to refer to something of concern to many in my constituency, the question of jobs lost in the long run because of our dependence on foreign corporations. Several authorities have dealt with this subject. I am speaking of the Watkins report, the Gray report, and the hon. member for Duvernay (Mr. Kierans) who sat in cabinet for a number of months. These authorities talked of our dependence on American corporations. We are exporters of raw materials and importers of manufactured goods. The hon. member for Duvernay and others have told us of millions of dollars we lose every year in wages through our policies. For every $100 worth of raw materials we export to the United States, we provide our workers with about $6.50 in wages. For every $100 worth of manufactured goods we import in return for our raw materials, we provide American workers, depending on the goods we import, with between $30 and $35 in wages. In such exchanges, we lose between $20 and $30 in wages. For reasons like these, the people of my constituency and all across the country, are most concerned about the extent of foreign ownership of our country and the government's lackadaisical attitude.

What is the result of our being a branch plant economy. What happened when the Americans introduced their 10 per cent surtax last August and the DISC program. What did American corporations operating in this country do? In some instances in which American companies operated branch plants in this country, when it became necessary to curtail research, they curtailed it in Canada and not in the United States, with the result that Canadian workers were affected. I remember there was a toboggan firm which had one branch in southern Ontario and another in California. The imposition of the surtax resulted in cutting back operations in southern Ontario, with the consequent loss of jobs for Canadians, and the shifting of production to California. That was a natural thing to do, and I do not blame the American firm. I blame our own government. If our government had developed an industrial strategy for Canada which would protect our people in the long run, this would not have happened.

In my constituency is to be found an example of the consequences, for working people, of foreign ownership. In my constituency there is one of the largest potash mines in the world, operated by International Mineral Company, at the town of Esterhazy. International Mineral is American owned, the head offices of the company being in New Mexico. We know that there is an over-supply of potash and that production of potash has been cut back. But let us compare what was done in New Mexico and in Saskatchewan. It is interesting to note that production in New Mexico was cut back from 100 per cent to about 90 per cent, whereas in Esterhazy, in my constituency, production was cut back to less than 50 per cent of capacity, with serious consequences for Saskatchewan workers in my constituency. The impact of such moves has been felt in towns like Esterhazy, Longerburg and

Churchbridge, towns with populations of between 1,500 and 3,500, where workers have had to sell their homes at prices considerably below building costs because they were thrown out of work, there being only one major industry in the town and few people to buy their homes. If the mines had been Canadian owned, perhaps it would not have been necessary to cut production from 100 per cent to 50 per cent of capacity. Perhaps Canadian workers would have been given the chance to retain their jobs. I may also add that there are chances of obtaining markets for potash in China and perhaps other Communist countries. Because such action would violate the Trading with the Enemy Act, we possibly cannot sell potash to some of these countries. That is another consequence of foreign ownership in our economy, and one that is real to the working people of this country.

• (1530)

There are many other specific cases where jobs in this country are lost because of the fact that so much of our economy is foreign owned. One is in the area of research and development. Many of our scientists must go to the United States and other countries to find jobs because not much research, study and development is done in Canada. Obviously it is done where the parent company is located. All too often that is not in our own country.

I now wish to move to another area I mentioned a few moments ago. I refer to the dollars that go out of our country as a result of foreign ownership in Canada. A report was issued a short time ago by the United States department of commerce. This report stated that between 1960 and 1967 parent companies took $2 billion more from their subsidiaries in this country than they contributed. In other words, $2 billion more went out of Canada than came into this country in terms of new investment.

I wish to refer to another study that was conducted by the United States department of commerce. I wish to quote from an article that appeared in a January 1971 issue of the Toronto *Star*. The headline is "U.S. economist admits Canada being bought out with her own money". I wish to quote a couple of paragraphs from that article which is datelined Washington:

> A United States government economist who took a survey of U.S. subsidiary companies' operations in Canada, yesterday said New Democratic Party Leader T. C. Douglas was probably right when he said that 94 per cent of U.S. subsidiaries' investment in Canada is effected with Canadian funds.
>
> Douglas told the Commons Tuesday he had seen the figure in the report of a survey undertaken by the U.S. Department of Commerce. The survey was done by department economist R. David Belli.
>
> Yesterday, Belli said in an interview that by a series of statistical deductions from charts he used in his survey, a figure of "something like 94 per cent" could be arrived at—
>
> The report of Belli's survey was published in the November issue of a commerce department magazine called Survey of Current Business—
>
> The survey was based on the annual reports of about 450 U.S. parent companies covering roughly 4,000 foreign affiliates, all over the world.

This report from the American department of commerce states that something like 94 per cent of the money invested in this country by American corporations is actually Canadian money. What does he mean by this? He means that the foreign companies come in, reinvest their profits from plants they already have here or invest money which they borrow from Canadian banks or financial institutions, the savings of individual Canadians, and expand their plants in that way. They are not really investing much new money in Canada. They are investing our money to expand their interests in our country. They are buying us out with our own money. This situation is like a Canadian inviting his neighbour into his house and, when he gets there, saying to him that there are no rules or regulations, take what you want, the television set, the car or the wife and do what you want with them. It is like telling him there are no regulations, to go ahead and do what he wants and we will pay him for it. In many ways, that is what this country is doing in terms of American investment.

The American corporations and government realize this. I suggest that many average Americans wonder why we are such fools, and why we have the wool pulled over our eyes without doing something about it. These are areas we should be acting on now, instead of trying to hide behind a bill like this that will not create a ripple in the ocean of problems that we have.

Another point I want to make in terms of the wealth that comes into this country is to distinguish between loan capital and equity capital. I believe the hon. member for Crowfoot (Mr. Horner) and members of the Social Credit party the other day made reference to the fact that some NDP governments go to the United States to borrow money. In many cases this is true, but I suggest there is a difference between loan capital and equity capital. Once you pay off a loan, which is like paying off a mortgage on a house, you own the industry. Canada has not done this. Every country in the world, at some stage in its development, needs foreign capital. However, most countries borrow money and, after a certain period of time, pay off the loan and own the industry.

When the hon. member for Nanaimo-Cowichan-The Islands (Mr. Douglas) was the premier of my province, I believe the province borrowed foreign money for the Saskatchewan Power Corporation. If I am not mistaken, it was probably several hundred million dollars. After a period of time, that loan was paid off and the people of Saskatchewan now own the Saskatchewan Power Corporation. It serves them; they control it and any profits that are made are kept in Saskatchewan for the people of that province. The thing I would like to make very clear is that there is a difference between loan capital and equity capital.

Some members are deliberately trying to mislead the Canadian people when they say there is no difference and refuse to look at the facts. In years to come, it will be obvious that certain parts of this country will need foreign money. However, we should distinguish very clearly and carefully between loan capital and equity capital. After we have made a series of payments, we should own the industry. We do not want it to be owned by some wealthy American sitting in Florida, Los Angeles or wherever he may be.

I want to say that Canada does have the money. I have confidence in this country, even though the minister does not. We can develop our country. As the United States

department of commerce pointed out, most of the money used by American corporations is ours anyway. Why can we not use the money ourselves? With leadership from this government, with its many recommendations, commission and task forces, that money can be put to use in Canada on behalf of the Canadian people. A lot of this country's wealth is invested in foreign Corporations on behalf of Canadians. Much of our money goes overseas to Europe, the Caribbean and the United States. A lot of this money, with proper planning, could be channeled into investment in our own country.

I recall picking up a newspaper when I was in Jamaica about a year and a half ago. I was startled by the headline. It said "Jamaicanize the economy; get rid of Canadian investment". In Jamaica, Trinidad, Tobago and countries like that, they are not as worried about American investment as Canadian investment. We, too, are guilty in terms of going into some countries and exploiting them because we can make a profit. You can stand on a street corner in London and see four Canadian corporations which are now multinational.

Mr. Pepin: How can they be multinational if they are Canadian?

Mr. Nystrom: We do have the funds. A lot of this could be channelled into Canada and it would be of benefit to Canadian people from coast to coast.

I think the policy of the New Democratic Party with regard to the Canada Development Corporation is very well known. This is one of the many instruments that could be used by the government if it were really serious about developing Canada for Canadians. I do not want to go into it at this time, but that is one instrument that could be used very effectively if we were serious about our economy.

The fourth area that I alluded to a few minutes ago was the general area of political independence. I believe that because of the degree of economic dependence we have on the United States in particular, in many cases our political independence is seriously threatened. I believe that if we were not so dependent upon United States corporations we would have a more independent foreign policy which would have a more positive impact on the world in general. I want to quote a short comment by John Foster Dulles when he talked about economic imperialism, if you want to use the word vis-à-vis the conquering of a country by force. Dulles said:

• (1540)

"There are two ways of conquering a foreign nation. One is to gain control of its people by force of arms and the other is to gain control of its economy by financial means."

I suggest that whether we like it or not, or whether we want to admit it or not, the fact that so much of our economy is foreign-owned, particularly by United States corporations, has to have a great deal of impact on Canadian political policy as far as being an independent nation is concerned. It also affects our trade in a real way. We have already pointed out that certain shipments of flour to Cuba were stopped because they violated the trading with the enemy act. The flour was to come from a subsidiary of a United States corporation. I have mentioned potash in my constituency where we have United States potash firms. Perhaps we could be selling potash to China and other countries within the Communist bloc, but this might violate the trading with the enemy act. There was the question of shipping trucks to China a few years ago. This had to be stopped because it violated the same American law.

I suggest that the laws of the United States should have no effect on the trade policy of this country. The hon. member for Winnipeg South Centre (Mr. Osler) can make light of the subject if he likes.

Mr. Osler: I was not making light of the subject. I was making light of the way the hon. member was dealing with it.

Mr. Nystrom: Maybe he has some Canadians in his constituency who are better off than those elsewhere. I am concerned with Joe Citizen out there in Saskatchewan, the farmer, the worker, the small businessman who is not benefiting—

Mr. Pepin: Amen.

Mr. Nystrom: —who is not benefiting from a policy which gives handouts to large foreign-owned companies. I would refer the hon. member for Winnipeg South Centre to the hon. member for Duvernay (Mr. Kierans) who could, maybe, give him a little political education. As was mentioned by my leader, and by the hon. member for Selkirk (Mr. Rowland), we do have the funds in this country, we do have the technology, we do have the educated people, to enable us over a period of a certain number of years to repatriate the economy. It is not a simple task and there are many difficulties in the way, but we ought to make a start. There are many avenues open to us. Our party believes there should be more public investment in the economy. I do not think we should leave everything to the huge, private multinational corporations. There should be more public investment in this country through the CDC.

Another area which would help us repatriate the economy would be to change our taxation policy. Our taxation policy favours foreign extractive industries at the expense of the average guy or the expense of the small businessman in this country. We give huge incentives to the oil companies, the gas companies and the mining companies and these companies are all capital intensive in nature. They do not employ many Canadians. They are almost totally foreign owned. Then, we tax the manufacturing companies and the small businessmen.

Mr. Osler: Have you seen the last tax bill?

Mr. Nystrom: If the hon. member for Winnipeg South Centre wants to make a speech later, he can get up and speak on behalf of the multinational corporations and his friends.

An hon. Member: Cheap politics.

Mr. Nystrom: In the last 10 years the mining companies were taxed on only 13 per cent of their profits. How does that compare with the small businessmen? Gas and oil companies, which are owned almost entirely by foreign

concerns, were taxed on only 5.7 per cent of their profits in the past 10 years. With these huge handouts to foreign extractive industries, is it any wonder they come in to invest money in these areas when they have these huge advantages that other countries do not give them? I remember the speech made some time ago by the hon. member for Duvernay (Mr. Kierans). He said the Minister of Finance came back happily from talking to the Americans. I believe he thought the Americans probably asked him one question: What are you doing about taxes on resource industries, and he said, "nothing". Of course, the Americans were very happy because here they had this tax holiday and all the handouts. The sooner Liberal party members and a few Conservatives take a stand on this issue, the sooner will the average Canadian have a better opportunity to get involved in the economy and start developing it for himself and his family.

A lot of politicians in the United States and other countries are taking a hard look at the handouts given to the multinational corporations. Look at all the things McGovern is saying in his campaign in the United States about the tax loopholes for the super-rich. If this country were to revise its taxation system, in particular its treatment of the resource industries, more funds would be available for the expansion of manufacturing industry and the service industries. The result would be more jobs for Canadians and an economy which was owned and controlled by Canadians rather than by foreign interests.

Mr. Deputy Speaker: Order. I regret to interrupt the hon. member but his time has expired.

An hon. Member: Continue.

Mr. Nystrom: May I have one more minute?

Mr. Deputy Speaker: I could listen to the hon. member for one more minute, for five, for ten more even, if there were unanimous consent. Is there such consent?

Some hon. Members: Agreed.

Mr. Nystrom: There were many other things I was going to say, but I shall conclude by saying I think we have to act now if we are to repatriate our economy. I want to conclude by saying many people believe that if we had tougher laws, if we had more control, we would be scaring away some of the investment that is here. I should like to say that that is a lot of nonsense. There are rules and regulations in other countries. Why cannot there by any here?

I have here a clipping from the *Leader-Post* of March 31. The article refers to United States oil companies investing in Algeria. They are going to invest in Algeria. They are also talking about investing in the Soviet Union. So, I am sure they will invest in Canada. They expect us to have some rules and regulations. I do not think they will avoid us if we do lay down these rules. They should pay their fair share, and if they do things will be better for the average Canadian. This is the type of thing in which I am interested.

Foreign Takeovers Review Act

• (1550)

[*Translation*]

Mr. Jacques Guilbault (Saint-Jacques): Mr. Speaker, I wish to take this opportunity to make a few remarks concerning Bill C-201, which provides for the review of acquisitions of control of Canadian business enterprises by foreign investors.

If I rise on this matter, it is because I feel that the Quebec people are very much concerned about the economic independence of Canada and the threat which foreign capital represents. Moreover, the people of my constituency of Saint-Jacques have every reason to be especially concerned about this. On the one hand, as many hon. members know, this constituency includes St. James St. and Dorchester Blvd, in Montreal, which are at the center of the economic activities of the whole of eastern Canada, and the officials of these firms are impatiently awaiting the decisions which the House will make in connection with this bill.

Similarly, most residents of Saint-Jacques who are in contact with financial circles earn a very modest salary. Quite a few are unemployed. Making allowance for the employment situation, they are very eager to know the decisions taken by the House concerning foreign investments.

This being said, I would like to comment on the decision of the government to deal with the foreign investment issue. As for me, the government's decision is realistic. Of course, some of my friends are already saying that I am not serious, but it is obvious that some people will accuse the government of being too weak in this respect whereas others will say that the government went too far. It is always easy to say such things when you just have to deliver a speech before the House and when you are not responsible for the administration of the country.

However, this government is responsible for the administration of the country and, when they make decisions, they have to consider the effects these decisions will have on the Canadian economy and on the standard of living in Canada. That is why I say the decision made by the government is realistic. In fact, the question is to proceed gradually rather than to take drastic steps that could harm the present state of the economy in Canada.

Obviously, according to our colleagues of the New Democratic Party, we are not going far enough. To them, there should be short term guarantees of complete economic independance for Canada. As the hon. member said who spoke before me, this is a policy for buying back foreign companies set up in Canada and we all recognize that this type of policy would be a waste of money. To my mind, we would be better off investing our money in new undertakings, instead of using it to buy companies already in operation and which create jobs, even though they belong to foreigners.

To my mind, economic independence, as some members of the Waffle group would have it, is an utopia, for our economy is no longer independent nor will it ever be. Like the economy of every country in the free world, ours is an international and interdependent economy. It is pointless to try to escape that reality.

As barriers fall between countries, the more the economy of each country is influenced by the economy, the economic activity of its neighbours. We all know that in the field of international trade, neither Canada nor the United States can do what they want. We realized it recently when the United States had to impose a 10 per cent surcharge to settle difficult economic conditions.

Even a country as powerful as the United States, a country which enjoys just the same a greater degree of economic independence than Canada, must legislate to try to protect themselves on the economic level against the trading activities of other countries.

This clearly indicates that all countries are subjected to an interdependent mechanism and that trying to give one complete economic independence is an utopia similar to a suggestion that Canada should be changed into an Eldorado.

We know that even the rates of exchange greatly influence the economy of the free world countries and those rates are not easily controllable. For example, as a result of the government's decisions, Canadian currency varies on the international money market.

Today, I am told that the Canadian dollar is worth $1.02 compared to the American dollar. Obviously, this does not favour our exports, but is one more proof that the thesis of economic independence is easily made.

Finally, I should like to say one word on the investment requirements of Canadians. No doubt, Canada needs now massive investments of capital.

That is obvious in Quebec and again recently Premier Robert Bourassa went to New York to try and get some capital investment in Quebec.

My colleagues who represent ridings in the Maritimes also know precisely what I mean.

We have an urgent need of capital; we need a massive injection to boost our economy which has been showing signs of recovery for some time now. We need them above all in order to reduce unemployment, particularly in the eastern provinces and in Manitoba. And we need capital to solve the problems resulting from unemployment.

When the Canadian government must make a decision with regard to foreign investments—it has had to do so recently and it is trying to have it ratified by the House—that is the dilemma in which it finds itself. On the one hand, the government must find solutions to an intolerable level of unemployment. On the other hand, some radicals ask us to prevent foreign capital from coming into Canada.

How can the two positions be reconciled? Obviously, that is impossible. And this permits our friends from the NDP to continue to preach the utopia that is economic independence and, at the same time, to accuse us of doing nothing to fight unemployment.

In my view, the Canadian electors will not be misled by such dramatic productions. They know that we need investments for economic development, to reduce unemployment, to ensure better social measures because, obviously, when our economy is in good shape it is easier to put such measures into application than it would be otherwise. Besides, economic independence in Canada is best assured if the economy is healthy.

• (1600)

I would now like to say a word about what I call the threat of foreign takeovers. In my opinion, such a threat to the Canadian economy, within a short, medium or even long period, is a myth.

First of all, capital, either foreign or Canadian, has no nationality. The foreign corporation investing in Canada has in mind one single and clear purpose, always the same: finding a market, a place to produce at reasonable costs and ultimately profits and dividends for the benefit of its shareholders.

Capital coming into Canada is neither Japanese, American nor Belgian. It is international and it seeks a good soil where to grow. Nobody comes to Canada to invest capital with the avowed purpose or even the consciousness that some day he will control the policy decisions that Canadians will have to take to fulfil their destiny.

Moreover—and this is related to what I said a few minutes ago—it is always foreign corporations that invest in Canada, never foreign governments. This is why the myth of control over our economy by foreign countries is a real myth.

It is never the United States of America that come here to invest capital, but independent corporations which, while they are American, do not necessarily have convergent interests. Most of the time, they are companies which do not care for the neighbouring society and which being in the same field, are often in competition and want to make higher profits than their competitive organisations which invest capital in Canada at the same time.

Mr. Speaker, I should like to say a few words about the provisions of this bill. First, generally speaking, this legislation seems to me particularly reasonable, given the set of circumstances Canada is in at present.

First of all, the legislation does have some scope, although opposition members have been trying to have us believe it is very limited. I suggest that at least concerning takeover of Canadian businesses by foreigners the legislation is quite adequate since it allows the government to screen all takeovers of companies with gross annual incomes of over $3 million. Everyone will agree with me that a company with a gross income of less than $3 million a year car hardly have detrimental effects on the Canadian economy in the near future.

Furthermore, the government will be able to assess takeovers of all companies with gross assets of over a quarter of million dollars and will exercise the right to look into their operations. There again, it will be admitted that a company with assets of less than a quarter of a million dollars has little chance of exercising an unfavourable influence on the Canadian economy.

Thus the legislation is adequate and covers all industries and all takeovers liable to affect substantially the course of Canadian economy, or at least the economy of the area where a foreign company plans to locate.

I suggest that the legislation, besides being adequate in the area it covers, seems reasonably flexible. In fact, the

government retains the privilege of examining all projects of foreign takeovers. However, after assessment, the government retains the privilege of approving the request for purchase of a Canadian company by foreigners, or to reject it. And this looks like a good thing to me, because the Canadian government which must answer to the people has a responsibility to decide whether in its opinion the takeover of a Canadian company by foreigners might be beneficial or detrimental to the interests of Canadians.

As hon. members know, at the end of each year, the minister will be required to table before the House a comprehensive report of his department's activities in this field, which will provide the opposition with ample opportunity to comment on and even criticize the measures taken and decisions made by the government. I suggest that this provision is highly desirable.

Besides, I refuse to believe, as a certain party has been suggesting, that this measure is weak and will have no strength. The provisions contained in the last clauses of the bill are severe enough to potential offenders. In my opinion, this bill has teeth.

For instance, people who simply fail to give notice of their intention to sell their enterprise to foreign concerns will be liable to a $5,000 fine. We must admit that the government does not joke when it introduces a measure of this type. This is likely to make people who might have avowed intentions to transgress the law think twice.

Moreover, the bill provides that people who refuse to comply with the law will be liable to a $10,000 fine or six months in jail, or both. This shows that here again the penalties are very heavy, so we can hope that the law will be complied with; we can at least conclude that the government has made this legislation strict enough for it to be enforced.

Reading through the bill a moment ago, I even noticed that the mere fact of impeding a study or investigation being made of a foreign takeover makes the person guilty of this offence liable to a $5,000 fine. I would say this legislation has teeth and will be complied with.

I think this bill will be welcomed by the Canadian public. Of course, I already know that it will not be welcomed by the radicals, by those who would have liked the government to do nothing to prevent the foreign takeover of Canadian industries. On the other hand, this bill will not please those radicals who would want the Canadian government to buy back dollar for dollar every foreign-owned Canadian enterprise.

But I think that most Canadians will agree with this measure, in view of the circumstances we are experiencing in Canada—and it must be said that this is only one step taken by the government in this direction.

Over the last few years, the Canadian government has introduced several measures to give Canadians firm control over their economy. I do not want to detail them since the hon. minister has done it already when he tabled the bill. However, I would like to add that this legislation is another stone in the setting up of a reasonable system of controls by Canadians on their economy. I suggest it would have been ridiculous, at this time, to hurry things up and take drastic measures that could have affected or substantially reduced the inflow of foreign investment in Canada. It is enough for us to realize that some 1,300,000 Canadian students are on the eve of entering the labour market. This considerable number of students will add to that, already known, of the unemployed which we are reminded of every day by the opposition during the oral question period.

It is obvious that the principal concern of the government, at this stage, is the now intolerable unemployment situation and the creation, as soon as possible and by all means possible, of the necessary job opportunities. This is certainly not the best time to propose measures that could prejudice the attainment of the major objective that the government, I repeat, has set for himself, that is to try and guarantee to each Canadian the availability of a job.

That was the dilemma facing the government: on the one hand, to fight unemployment and, on the other, to secure a reasonable independence for our economy.

I believe that the government has efficiently solved this dilemma in submitting Bill C-201 and this is why, Mr. Speaker, I will support this bill when it comes to a vote. I urge my hon. friends to do likewise.

[*English*]

• (1610)

Mr. J. H. Horner (Crowfoot): Mr. Speaker, in considering foreign investment and Bill C-201, one has to determine what the government wants to do with this measure and in what direction they want Canada to go. In my estimation, the bill is perhaps more meaningful in its intent than in what it will actually accomplish. Most Canadians in every part of Canada want more control over the life around them and more involvement in their environment. In other words, they want more say in what affects their livelihood. This prompts one to say that we in Canada should control absolutely all the investment in industry and in business within Canada. Can we effectively bring this about and would it be beneficial to Canada if we did?

We just listened to the lengthy speech of the hon. member for Yorkton-Melville (Mr. Nystrom) in which he gave potash mining as an example, and pointed out how employment in potash mines in Saskatchewan has been reduced to 50 per cent while in Mexico in the same industry, it had been reduced to 90 per cent. He said that if those were Canadian owned potash mines, that would not have happened. He fails to realize that Canada is a trading nation, that potash is used as a fertilizer in countries other than Canada and that what determines how much will be sold, in most cases, is the cost of the product. If they can mine it cheaper in Mexico, then a good international company, a good Canadian company, would do just that for its shareholders. The example he used was a poor one.

He want on at great length to point out the many problems relating to foreign investment in a country, but he gave the House the benefit of no solutions. He overlooked the fact that when the NDP government attempted to establish a steel mill in Regina they went south to the United States for foreign capital, and they went south for foreign know-how. They established their steel mill which is predominantly controlled by Americans, to use their words. They are searching persistently for a tractor

manufacturing plant in either Moose Jaw or Saskatoon—I do not know which city has paid the most for it. Representatives of both cities have gone to Roumania to attempt to entice foreign capital from over there.

I would be the first to agree that Canada should become economically less dependent upon any other single economy and should therefore encourage a diversity of foreign investment here. The hon. member for Yorkton-Melville made a speech which was totally rhetorical, of the kind which used to be made in Saskatchewan back in the 1940's. That party has not changed its approach very much. In fact, if one looks at the New Democratic Party closely, one finds that the Waffle group within that party is bringing to the forefront the very stuff that elected the first NDP government in Saskatchewan. So, I suppose it is correct to assume that many members of the NDP would be bringing back the same sort of rhetoric.

What does this bill attempt to do? To paraphrase the Minister of Industry, Trade and Commerce (Mr. Pepin), this bill presents, in essence, a political solution to the problem. Political solutions are never good solutions to economic problems. When the Prime Minister (Mr. Trudeau) was elected he said two things to the Canadian public: first, that nationalism was not the answer, and second, that he would determine what was good for Canada and not what was good for political parties; that he would not be swayed by partisan considerations and that he would act truthfully and correctly in his best judgment for the good of the country. Here we have a piece of legislation which is brought in mainly for political reasons, and for the good of the political party which finds itself confronted with an election and a public not too favourably disposed toward it. They are trying to enhance their political image, and while doing so they might very well harm Canada's chances for real growth.

We are a trading nation and we need foreign investment. This bill provides that where more than 5 per cent of the voting rights in a public company and over 20 per cent in a private company are held by foreigners any corporation, seeking to take over such a company would have to obtain cabinet approval. True, there is a screening agency, but how good is a screening agency which recommends to the minister, who in turn recommends to the cabinet, if the agency does not make public its basic findings so that we can judge whether the cabinet is acting for political reasons or for the good of the country? Lately much has been said about the government acting for political reasons, and the Minister of Regional Economic Expansion (Mr. Marchand) has been accused of doing just that. The following statement appeared in an editorial in one of the leading daily newspapers of Canada:

> Although the cabinet is accountable to parliament and the electorate, there should be a link between it and the bidder, to prevent even the appearance of decisions based altogether on political rather than economic considerations.

That, too, is my fear, particularly if the agency does not make its findings public.

Another fact that has often been mentioned, and that is particularly true of this government, is that often it appears that its right hand does not know what its left hand is doing. We see legislation coming forward which in essence would limit, screen or control foreign investment—any of these adjectives could be applied—and, on the other hand, we see the Minister of Regional Economic Expansion handing out all kinds of grants to foreign companies to establish in Canada or to switch their location from one region to another where unemployment may be greater. We heard the Minister of Indian Affairs and Northern Development (Mr. Chrétien) advocating the development of a tourist complex in our national park in Banff and giving the contract or the tender to what might be considered foreign owned companies. I know that 30 per cent of the tender was supposed to come from a Lake Louise consortium, but that consortium is owned mostly by a person in Great Britain. This makes me believe that here is another example of the right hand not knowing what the left hand is doing.

We have the government divorcing itself from provisions which many of the provinces have brought in under their estate tax acts which have caused much Canadian capital to leave this country. The NDP governments in Saskatchewan and Manitoba have brought in an estate tax act which will cause much of the money to leave those provinces for other parts of Canada or other countries. We see this government bringing in the capital gains tax which will discourage Canadians from investing in companies that are doing business in Canada. I think that we should adopt the key sector approach. We should agree, as we have in some cases, that the banking medium should be reserved for Canadians, that newspapers, television, radio and other communications media should be reserved for Canadians. Perhaps book publishing also should be maintained by and for Canadians. Certainly, textbooks in our schools and universities should be Canadian.

Another thought that has entered my mind concerns union money, and I heard no mention of it from the hon. member for Yorkton-Melville when he was speaking about money leaving this country. On May 24, as recorded in *Hansard* at page 2505 there was an interesting question put forward by the hon. member for Toronto-Lakeshore (Mr. Robinson). The question was:

• (1620)

> To the government's knowledge, how much money did Canadians pay into international unions in each of the years 1965 to 1971 respectively?

The answer shows that in 1965, $28 million was paid into international unions and, without reading out all the figures, this had risen to $41 million in 1969. If payments have continued to grow since then they probably total $43 million or $44 million now.

The second question was:

> How much money was paid to Canadian union members belonging to international unions in each of the years 1965 to 1971 respectively?

This answer shows that strike benefits paid to Canadain union members totalled $8,755 in a year in which the unions took $28 million out of this country. All we got back was $8,000 in benefits. The answer outlines strike benefits all the way from 1965 to 1969, a year in which they either had more strikes or paid greater benefits. In that year $16,000 was paid in strike benefits, a year in

which Canadian members paid out $41 million to international unions. The answer lists pension and welfare payments to beneficiaries in 1965 as $2,700, and over the years this continued to grow until it reached $33,000 in 1969. It also shows gross salaries, wages and other remuneration to officers and employees of international unions as increasing from $8,800 in 1965 to $11,462 in 1969. So, Mr. Speaker, in the year 1969, returns to Canadians totalled $16,000, $3,000 and $11,000, which looks like something in the neighbourhood of $30,000, yet in that same year moneys paid into international unions totalled $41 million.

At times I question whether international unions are as sensitive to the economic climate, to the conditions in which Canadians are working, as a Canadian union might be. Mr. Speaker, I remember a wildcat strike in which the railroad engineers engaged a number of years ago. The railroaders in my constituency called me up and wanted to meet with me. When I met them, I asked them what their union was doing about it. These men were expressing their opposition on the question of run-throughs and they told me, "Ours is an international union. It does not think the problem is big enough to worry about; that is why we are taking wildcat action." As a result of that situation, a royal commission was set up to study the question and the workers went back to work.

If we are going to look at the question of Canadians controlling the Canadian economy I think it is wrong to look at only one side of the ledger. We must also look at the other side of the ledger. If we are going to look at international companies as being the ultimate of all evil, then we must say that international unions must be categorized as part and parcel of that evil.

Mr. Pepin: Perfect logic.

Mr. Horner: Thank you. Trouble is developing in our economy which frightens me. Business has been frightened by the actions which the government has taken. One may ask to what action am I referring, and I point out that the white paper on taxation started this reaction. Business withdrew into its shell. It became hesitant about whether the government was creating the right climate in which business could operate. Then, we had the introduction of the labour bill with its technological change clause, which has now been moderated to some degree. We had the introduction of the competition bill, which has now been withdrawn but which may re-appear. A whole series of pieces of legislation has caused business to be rather hesitant about whether the government was creating the proper climate.

The hon. member who preceded me said that this bill was a first step, and that the government had other steps in mind. That is the reason the business community is worried. The business community was not particularly pleased with the Canada Development Corporation, but the bill establishing it was passed and it is now off the ground. One of the main criteria associated with it was that it was not to be used to buy back Canada, and it was to make a profit right from the beginning. Mr. Speaker, if we look at some examples in the province of Quebec, we can say that its Crown investment company has not been too successful.

This country is being confronted with another round of inflation, and the government is doing nothing about it. Inflation can be brought about by extensive government spending, and by putting more and more money into circulation. All this is taking place. We are back in the situation which we experienced in 1958 and 1959 when the Conservative party took office. Our dollar then was worth about $1.05 U.S., and we are facing the same situation today. Our dollar is increasing in value, and we have a great deal of unemployment brought about by mismanagement of our economy.

The hon. member for Yorkton-Melville says there is lots of money in Canada and that we can buy back Canada with Canadian money. Mr. Speaker, in the first four months of this year provincial governments have gone down to the United States and borrowed in the bond market to the tune of $1.5 billion. If there is this kind of money available in Canada, why do the NDP governments in Manitoba and Saskatchewan not float provincial bonds to attract Canadian money? It is all well and good to say that there is a difference between investment capital and equity capital, but if we have governments borrowing all this money, and doing all that spending, then we are just one step away from the socialism that the Waffle group wants; in fact, one step away from the socialism that I sometimes think the federal government wishes to create.

What will we have next winter, Mr. Speaker? We may not have this government, but in the economic sphere we will have high unemployment, and we may well be reaching the peak of inflation in January. The government will be faced with difficult decisions. It may then say that this piece of legislation which we are debating now is not effective, and it may move toward direct investment by government in business. We are only one step away from that.

It is often said that Canadians can buy back Canada with Canadian money. But there are difficulties, Mr. Speaker. If one looks at the recent budget, one sees that our biggest single expenditure goes to pay the interest on our national debt. If we were starting out with a completely brand new country, with no debts, but with our natural resources and human resources, we could probably borrow the money to expand our economy and create more jobs, but for the Canadian government and Canadian business to borrow money now, on top of the national debt which we have, is almost impossible.

In fact the federal government itself from time to time has difficulty peddling its debt, as an article in *Executive* magazine of May, 1972, pointed out. This article deals with Mr. Rasminsky, the Governor of the Bank of Canada, and portrays some of the difficulties that Canada has had with high rates of inflation. On page 28 it points out that in 1968 during the exchange crisis, and again "when Ottawa was unable to peddle its debt," the bank had to reverse its policy. We have had some discussion with regard to managing our economy and managing the size of our debt. How will this bill affect this whole concept? I think it will cast a further shadow on business and I question whether it will accomplish the government's aims. Will it merely be used in once in a lifetime situations, such as the time the government stopped Home Oil from selling out to

Ashland of the United States? I wonder whether even that was a wise move.

• (1630)

Mr. Woolliams: It was an ad hoc one.

Mr. Horner: That is true. The government bullied the people concerned to get on that decision. There was no legislation on the order paper to stop the sale. From an Albertan's point of view, it could be argued that Ashland of the United States might well be more willing to invest its profits in Alberta than consumers Gas of Toronto, the eventual buyer. sometimes we in the west are not convinced that eastern Canada is attempting to reinvest its profits in the west. I am not saying that Consumers Gas will act as a true eastern concern; I hope it will not, but we will have to wait and see.

In an article in the Montreal *Gazette*, John Meyer, the financial writer said:

> This, of course, is going well beyond the limited objective of making Canadian assets safe for Canada. It is by far the deepest penetration this government has made in the private sector.

Mr. Pepin: Some of your economists were saying that.

Mr. Horner: I agree. Our party is not in government, therefore we can enjoy the richness of diversity of opinion. When one is in the cabinet, there must appear to be responsibility. During the debate yesterday we heard varying opinions from backbenchers in the Liberal party.

I should like to recommend to the House that when this bill goes to committee, witnesses should be called from all parts of Canada because there is a great diversity of opinion in the country. We are a federal state comprising ten provinces and four or five regions, and we should hear from all those regions on how this bill may affect their development.

Mr. Pepin: On the philosophy of foreign investment or on the administration of the bill?

Mr. Horner: On the philosophy of the bill and, dealing with the administration, the screening agency should make its findings public. I do not think they should reveal the names of the individual firms, but they should make public the material on which their advice to the minister is based so that the action of the government can be judged. I should like to hear in the committee from business concerns about this aspect. Indeed, I would go so far as to say that the committee should travel across the country to hear witnesses. I think this is the deepest penetration by this government so far into the private sector. We pride ourselves on being a free enterprise country and we should take this initial step. Who knows, it might not be the last step.

Mr. Pepin: Mr. Speaker, I would like to ask the hon. member to clarify whether we are going to organize a road show to ask people to talk about the philosophy of foreign investment in Canada? Canadians have been talking about foreign investment for nearly a century now, and presumably will be talking about it for another few years. I would like the hon. member to tell me what kind of question he thinks should be discussed in committee. I suggest it should be of the type he indicated a moment ago such as what would be the criteria of screening, what publicity would be given to decisions and so on.

Mr. Horner: I could not agree more. Those are the types of questions and concerns that business has. I think government owes it to business to fairly and clearly explain the intent of this legislation so that the business community can feel secure, and then go forth and multiply. That is the only way we will employ the millions of Canadians who are still in their teens and who will be entering the labour force in the next couple of years.

Mr. Woolliams: The unions should have their say, too.

Mr. Horner: I should like an assurance from the minister that the committee will hear witnesses on this question. Is that implied? If the minister agrees that witnesses could appear to deal with the administrative side of the bill, I hope they can also deal with some of their other fears. I think it would be difficult for the business community to confine itself solely to the question of administration.

Mr. Pepin: A committee where one would study the taxation system and the effects of foreign investment—where one would study the quality of management in Canada? I suggest that if we put the whole debate on foreign investment again in committee, we will be still at it two years from now.

Mr. Woolliams: It would be better than killing off everything.

Mr. Horner: I appreciate the minister taking an interest in my remarks and the interchange that has taken place.

In an article by Harold Greer which appeared recently in the Ottawa *Citizen*, he said:

> One of the darker mysteries of the Foreign Takeovers Review Act is that the federal government, after agonizing so long over the problem of foreign investment in Canada, has brought in legislation which is probably unconstitutional.

This question has not been dealt with to any extent, but certainly provincial governments seeking foreign investment have made excursions throughout the world. British Columbia has gone to Japan to encourage foreign investment, and I think even the NDP government of Manitoba went to Japan. It is well known that Newfoundland has travelled the world over looking for foreign investment. It may turn out that the provinces will challenge the constitutionality of this legislation at some time. Some of them have said that it does not go far enough. This is another good reason for referring it to committee for broad discussion. The article continues:

> A federal law dealing with foreign takeovers could be framed on solid constitutional grounds, but this bill virtually invites challenge in the courts—
>
> The constitutionality of the legislation is hardly of academic interest, since it will be open to any provincial government or any Canadian company affected by it to challenge it on constitutional grounds.

The whole question of whether it is good for all parts of the country must be considered. In a different article in the Ottawa *Citizen*, Peter Calamai said:

> Science Council Chairman Dr. O. M. Solandt today warned that proposed federal laws on competition and foreign ownership could push more Canadians on welfare.

Surely, there are enough people on welfare and unemployed today. The article continues:

—Dr. Solandt also rebuked the cabinet for insisting that the Canada Development Corporation must make immediate profits—

But Dr. Solandt, a former vice-president of both Canadian National Railways and De Havilland Aircraft of Canada, cautioned that the manner of government intervention is crucial.

That is all the more reason for a thorough study of this piece of legislation. One could go through a list of articles which express the concern of financial writers in various provinces across the country.

It is interesting to consider a speech made recently by the Minister of the Environment (Mr. Davis). The background paper for discussion at a special meeting of the Capilano Liberal Association in North Vancouver was entitled "What do Western Liberals Want?" One subheading reads: "Less Protectionism in Canada". Under this government, we are slowly going toward an isolationist position and this in a country so dependent upon its ability to trade. Another heading is "Wanted: Less Protectionism in Canada", and another "Wanted: More Foreign Capital for Expansion" and that section goes on to cover the whole field.

I see the hon. member for Provencher (Mr. Smerchanski) agrees with me. I am pleased to see that although we do not agree politically, we agree in philosophy. I am always pleased to see that members from western Canada agree on certain matters. What do western people want, Mr. Speaker? According to paragraph 4 on page 6, they want more foreign capital for expansion. Canada, today, is in better shape to finance industrial expansion both at home and abroad. This is reflected in our current balance of payment surplus. The minister then outlined more of the things that western Liberals really want. I ask, where were the western Liberal members of cabinet when this subject was discussed.

• (1640)

Paragraph 5 reads, "Wanted: more projects and less red tape". Will this bill bring this about? I doubt it. Paragraph 6 reads, "Wanted: less government and more tax cuts". I doubt if we shall see less government and more tax cuts. Paragraph 7 tells us that western Liberals want "Decentralization of decision making". Will this government bring about decentralization of decision making? No. This matter will come under the Minister of Industry, Trade and Commerce (Mr. Pepin). What do western Liberals want from this government? Well, whatever they want, they are not getting it from this government. That should be clear to the hon. member for Provencher (Mr. Smerchanski), who is paying attention to me, and to other western Liberals.

Mr. Woolliams: Even to Lang.

Mr. Horner: What sort of solution should we bring forward to permit greater ownership by Canadians of Canadian industry? I think wealth may be defined as the goods and services that people need or want. During the past 200 years, much of the toil associated with the production of wealth has gradually been shifted from men to machines by technical innovation, with the result that machines now produce most of the wealth in our economy and will continue to produce a progressively growing proportion of it as time goes on. The machines of production can be termed as the capital instruments of production. To buy capital instruments, a man needs money. We must then ask, do we want most of our capital to be owned by the state, which is what the socialists want, by a few individuals, or by many individuals.

Certainly, it is the philosophy of the Conservative party, which I support, that capital should be owned by as many individual Canadians as possible. What is the government doing to encourage Canadians to invest in Canada. I suggest it is discouraging such investing.

An hon. Member: Read the budget.

Mr. Horner: An hon. member says, read the budget.

Mr. Stanfield: It is too depressing.

Mr. Horner: I thank the constitution for providing for elections every four or five years, because near election time the Minister of Finance usually brings down a favourable budget. He is to allow accelerated write-offs for machinery purchases in certain industries. Yet, what about tax decreases? There is nothing in the budget for the farmer or for the manufacturing industry. Last year, 975 firms associated with the food processing industries went broke. There is nothing in the budget for them. Most of those companies were Canadian companies.

Mr. Woolliams: One egg never made a good omelette.

Mr. Horner: If the state owns most of the capital, then the state must decide how the wealth it produces should be distributed. That is happening in Russia and in China, and that is what the Waffle group and those truly espousing the NDP philosophy want. At their leadership convention their present leader, the hon. member for York South (Mr. Lewis), admitted he believes that but could not tell the people because they would not elect him if he did. So, there one sees his basic philosophy.

The leader of my party has said that we are not providing enough incentives for Canadians, and that we should.

Mr. Benjamin: All the dinosaurs come from Alberta.

Mr. Horner: If the dinosaurs could leave Saskatchewan, they would; everybody else has left.

Mr. Woolliams: That was very good, Jack. That boy married an Alberta girl, too.

Mr. Horner: We must encourage Canadians to invest in Canada. Instead of applying the capital gains tax across the board evenly, let it apply more severely to gains involving foreign companies in which Canadians invest. Let there be some differences in the application of that law, and let us produce incentive for Canadians to invest in Canadian companies. If we carry on the present system of giving huge grants to huge companies, we shall find that most of our economy is controlled by international corporations or by a huge Canadian corporation. Believe me, Mr. Speaker, all these corporations work for the good of their shareholders and are entirely motivated by the search for profits. Massey Ferguson may be a Canadian

company, inasmuch as it operates in Canada, but it does its best to make money and to swallow up its competitors. It is trying to buy out Versatile. That process, of course, is natural, and governments should see to it that Canadian businesses can carry out business throughout Canada. Galbraith once said that it would not surprise him, when great corporations come to be more closely associated with the state, if the state were to turn such corporations into public bodies. I doubt if the NDP or the present government would reject that idea.

The bulwark of democracy and freedom lies in the middle class, in the middle income groups and in the blue collar worker. This is the group we must expand. What has the government done through its budgets and tax measures? It has repeatedly placed too great a burden on the middle income workers and blue collar workers of Canada. They are repeatedly overtaxed by this government and their numbers are shrinking. The group that is on welfare and unemployed has become enlarged; there are more rich, but the middle income group is shrinking. Canadians must be induced to invest in Canada. How can this be done? I suggest, it can be done through a tax credit system under which Canadians investing in Canadian companies would be allowed tax exemptions of so much per year, up to a maximum of $10,000, say. That is how we can encourage Canadians to invest in Canada, particularly in industries that bring the greatest benefits to particular regions.

In closing, Mr. Speaker, may I say to the minister that, in view of the controversy surrounding this bill, I hope it will be studied exhaustively in committee. I hope witnesses will be called and that those witnesses will be given ample time to prepare briefs on this legislation. This step is an initial step; let us make it a correct step, because governments rarely go back after that first step. If we are to build on this legislation, let us build something which will create the climate for putting more Canadians back in the work force.

Mr. Mark MacGuigan (Windsor-Walkerville): Mr. Speaker, I believe there is a consensus in this House to the effect that the problem of foreign direct investment in Canada is and should be a matter of vital national concern.

Mr. Woolliams: Better watch those car factories.

Mr. MacGuigan: In a situation in which nearly 60 per cent of manufacturing industry in Canada is foreign controlled, a percentage which, according to the group headed by my Windsor colleague, the Minister of National Revenue (Mr. Gray), is the highest among industrialized nations of the world, I do not think I need to document the reasons for this concern. Although I regret that my colleague, the hon. member for Fort William (Mr. Badanai) yesterday placed himself outside this consensus, it nevertheless exists in this House.

The present consensus in this House is not necessarily indicative of the general attitude of Canadians. I want to refer briefly to a poll which was conducted by Omnifax in Toronto for the CTV network last fall and released on the program "The Canadian Dilemma" on December 5, 1971. The question asked was the following:

[Mr. Horner.]

• (1650)

Do you feel that the current level of American investment is too high, too low, or about right?

The percentage of people across Canada who felt that American investment was too high was 62.2 per cent. The percentages ranged from 47.5 per cent in Quebec to 58.3 per cent in the Atlantic provinces to 66.1 per cent in Ontario to 74.8 per cent in the west. These were the percentages of people who thought that the current level of American investment in Canada was too high. These results do not quite square with those which the hon. member for Palliser (Mr. Schumacher) presented to us yesterday as the result of his questionnaire. He found that his people were evenly divided. However, the question which was posed in his questionnaire had to do with foreign investment in general, and not just American investment. It also referred to action rather than a mere expression of feeling.

Following the precedent of the hon. member for Palliser, I want to refer briefly to a questionnaire which I sent out this spring. I am just going to give the percentages on one side because that gives the picture of the result.

Do you feel that the present level of American investment in Canada is too high?

Sixty-eight point nine per cent said yes.

Do you feel that the Federal Government should establish a screening agency to regulate the level and conditions of foreign investment in Canada?

Eight-four point eight per cent said yes.

Do you feel that there is too much American influence in labour unions in Canada?

Seventy-six point six per cent said yes.

Would you favour Federal Government action to control this problem that is, the problem of American influence in labour unions?

Sixty-seven point one per cent said yes.

Do you feel that there should be further financial incentives (loans, tax incentives) to encourage Canadians to invest in their economy?

Eighty-nine point five per cent said yes.

I think these figures show that the problem of foreign investment in Canada is generally recognized. The disagreement, of course, is over the solution to the problem. If this bill were intended to be a complete solution to the problem of foreign investment in Canada, it would be completely inadequate. Fortunately, it is not being presented in this light by the government, but rather is one in a continuing series of steps, and focuses on the particular problem of takeovers.

Others have reviewed the steps which the government has taken in the past few years. I do not propose to review all of them, but I will mention several. First, I refer to the recent budget in which there was a reduction of taxation beginning on January 1 of next year for manufacturing businesses, thereby giving an advantage to manufacturing businesses over extractive industries. The figures presented by the hon. member for Duvernay (Mr. Kierans), that $1 billion of exports of manufactured goods contains $230 million in salaries and wages while $1 billion in exports of resources pays only $68 million in salaries and wages are,

I think, a very good substantiation of the wisdom of moves in the direction of favouring the manufacturing over the extractive industries in Canada.

I want to refer briefly to the two part program of financial and advisory assistance for improved management in industry which was announced several months ago by the Minister of Industry, Trade and Commerce (Mr. Pepin). The first part deals with development of management courses and is designed to encourage the improvement of managerial competence in industry by helping professional, industry, business or management associations to develop or revise management training courses. The second part of the program is called, Counselling Assistance to Small Enterprises. This will be developed in close co-operation with the Canadian Executive Service Overseas. Moves of this kind by the government, large or small, are to be greatly welcomed. In fact, to my mind no solution to the problem of foreign investment can be found in isolation from a general industrial policy. I believe that our present industrial policy is no longer entirely satisfactory. It is still too close to the traditional policy of keeping our tariffs high and encouraging foreign businesses to locate here without requiring other qualifications and protections.

In addition, there should be tremendous emphasis on science and technology, a move toward rationalization of our industries, a tax policy which favours even more the manufacturing over the extractive industries, and, something which is particularly important, further capital assistance to small businesses in Canada which wish to expand, especially small businesses which are capable of technological development. I believe this industrial policy should be worked out with business and labour leaders and with the provinces, and not represent a policy merely imposed by the government of Canada. In a matter as complicated as this, and in a society which has become as democratic as ours, it is no longer enough to impose industrial policy from above. Not only must it be worked out carefully, but it must be worked out along with those involved in it.

I personally believe that a general industrial policy will require some further negative measures by way of control of foreign investment, such as the measure in Bill C-201, but the over-all emphasis of the policy should rather be a positive one, to encourage the development of Canadian and Canadian-owned industry. The difficulties of formulating a total policy all at once are indicated by the flounderings of the official opposition on this subject. The New Democratic Party may be misguided, and in my opinion it is, but at least its answer is unambiguous. Because the bill is not everything they want, they are against it. The official opposition is ambiguous all the way through. On one hand, they say that the bill does not go far enough. On the other hand, they say it should not go anywhere because it does not have the agreement of the provinces or for one of several other reasons.

The last paragraph of the speech of the hon. member for Edmonton West (Mr. Lambert), and I regret the fact that he is not in the House at the moment, is a masterpiece obfuscation. It does give credit to his ingenuity, but not much credit to his convictions.

I will pause for just a moment to find the text of the hon. member for Palliser. In his address to the House yesterday, the hon. member spoke of this bill as another addition to the long list of power grabs—some defeated, some successful—by this government from the provinces. He seems to imply in the context that this bill has something to do with the spending power. If I had the time, I would be happy to indulge in a learned disquisition on the spending power of the federal government, a power which does not seem to be accepted by the hon. member for Palliser. Members of his party can say whether they share his view. I am sure that all members are aware that the government of Canada has proposed limitations on its spending power which could be adopted if there were a general constitutional settlement with the provinces. The fact is that this bill is not linked to the spending power at all. It could easily be defended under section 91(25) of the British North America Act, which gives power over aliens. It is this power over aliens which gives the government the right to legislate on matters such as this, along with other powers which can be used for the same purpose. The constitutional power of the federal government is not at issue. What is ultimately at stake is whether or not the federal government should proceed without the participation of the provinces, and that is quite a different matter.

• (1700)

I am not able to decide whether the proposal made by the hon. member for Egmont (Mr. MacDonald) is a red herring or whether it is meant to be taken seriously. I refer to his proposal that a super review body should be set up consisting of nominees of the federal government and of provincial governments. I find it hard to believe he is seriously suggesting that the whole direction of the Canadian economy should be dictated by a group of appointees.

Opposition arguments with respect to the details of the bill were best presented in the speech of the hon. member for Selkirk (Mr. Rowland). One of the arguments put forward was that the screening agency to be set up is not an independent agency. My reply would be similar to that of the hon. member for Egmont. The power to control the Canadian economy in this way would be, in my view, too great a power to be placed in the hands of an independent agency. Such a power, with all the responsibilities it involves, should be placed in the hands of the elected representatives of the people. I might recall at this point that the attack directed by the NDP toward the Canadian Development Corporation was precisely on the grounds that the Corporation was too independent. The same kind of argument would apply *a fortiori* to what is, implicitly, their proposal here.

Mr. Rowland: Would the hon. member not agree with my assertion, not so much that it should be an independent screening agency as that the Department of Industry, Trade and Commerce is the wrong organization to perform the screening function, because of a conflict of interests in its necessary duties?

Mr. MacGuigan: No, Mr. Speaker, I do not agree. It seems to me the Department of Industry, Trade and Commerce has available to it the expertise necessary to deal

with the complicated type of administration which will result from the legislation before us.

The other argument advanced by the hon. member for Selkirk, with respect to what he called the bill's errors of commission was that the purpose of the bill was not to prevent takeovers as such but to ensure that any takeover which did occur would be to the benefit of Canada. It seems obvious to me that there would be fewer takeovers under this legislation than now occur. Business decisions are often sufficiently marginal that the imposition of a great many added requirements by the Minister of Industry, Trade and Commerce (Mr. Pepin) would make them uneconomic. I can reach no other conclusion than that there will be fewer takeovers in the future. Tangentially, it is not always recognized that the legislation would apply not only to takeovers of businesses which are presently owned by Canadians but also to businesses owned by foreigners if they should change hands.

Granting that there will be fewer takeovers under this legislation, I cannot see how the hon. member and his friends can reject legislation which moves in that direction, especially since the only alternative would seem to be a policy of no takeovers, one of complete prohibition. The first criterion to be borne in mind by the minister in determining whether or not a takeover is to be permitted is the effect on the entire level of economic activity in Canada, including employment. In these circumstances, I find it hard to see how the hon. member can reach the conclusion he does.

There is one area of concern to which I should like to refer. Is there adequate provision to safeguard the civil liberties of subjects? Even people involved in business are entitled to respect for their civil liberties, and some hon. members have expressed concern about this question. The only way in which it can be dealt with satisfactorily is by consideration at the committee level. It will be necessary to examine all the protections and safeguards afforded before deciding whether there is sufficient assurance against arbitrary action.

Then again, the very complexity of the mechanism raises considerable problems having to do with efficiency. This is something which I suppose one has to expect, but here again I am reassured by my belief that the Department of Industry, Trade and Commerce possesses sufficient expertise to be able to handle the situation satisfactorily. I agree that the bill does not respond except in a small way to the general problem engendered by foreign investment. It does, however, respond to the problem to which it is addressed, that of foreign takeovers, which is the most acute problem concerning foreign investment.

The hon. member for Selkirk asked what would happen with respect to takeovers in the interval before this legislation is passed, and criticized the bill because it made no provision for the waiting period. If the opposition is genuinely concerned about this question they could co-operate in getting the bill through the rest of its stages quickly; that would be the best protection we could afford, the best way of showing the concern we feel about foreign takeovers. I have kept my own remarks short so as to contribute to this end.

[Mr. MacGuigan.]

Mr. A. D. Alkenbrack (Frontenac-Lennox and Addington): Mr. Speaker, I am very pleased to be able to join in this debate on the government's so-called, foreign takeovers review act. I say "so-called" but perhaps the word "alleged" would do as well.

The lead paragraph of this bill reads as follows—and I invite hon. members to follow it with me and share my bewilderment over the assumption contained in this preamble:

An Act to provide for the review and assessment of acquisition of control of Canadian business enterprises by certain persons.

I think I could be forgiven if I were to assume from this that the government has assessed the problem—if there is a problem—arising out of investment in Canadian enterprise by foreign interests. I think I could be forgiven if I were to make the assumption that the government had pinpointed specific dangers to our economy and to our sovereignty as a result of such investment, and, more particularly, as a result of foreign investors having a majority interest in Canadian enterprises.

However, this is not the case. The government has not isolated any specific areas of danger, nor has it made any assessment of the true effects of the ownership of Canadian businesses and industries by anyone, foreign or Canadian. In effect, therefore, the bill is another example of the age-old adage about placing the cart before the horse. It is a classic example of the penchant of this government for launching upon attempted massive corrective action without first identifying and defining the problem it seeks to correct.

• (1710)

Unfortunately, the New Democratic Party has been working overtime trying to alarm the Canadian people to the dangers of an economic and political takeover by United States interests unless we buy Canada back from the foreigners. We hear the same gobbledygook from the ultranationalists led by the Liberal party's economic mixmaster, Walter Gordon. We all know the story of Walter Gordon. We see his ghost floating around the benches across the way now and again, influencing the present government's economic policies in spite of the fact that he has long since been banished from his former place in the Liberal party. His infamous 11 per cent sales tax on building materials, which was bought lock, stock and barrel by the previous Liberal government and preserved religiously by the present Liberal government, put adequate housing effectively beyond the reach of the vast majority of Canadians and put the housing industry in the hands of promoters and speculators. I should like to hear some heckling from my left about that point.

The only attempt by the present government to give an identity to what is called the foreign investment problem was made recently by the very capable Minister of National Revenue (Mr. Gray) in the form of the Gray report. Unfortunately, like his colleagues, the revenue minister is on a short leash and he could not address himself to a definitive study of the problem. Judging from the failure of the Gray report to identify the problem, the minister was obviously directed to prepare an innocuous document that could be used to pave the way for this bill. I agree with my colleague who spoke earlier who said that this

bill should go to committee as soon as possible so that it may be examined more thoroughly and amended where necessary.

The Gray report does not provide any evidence that ownership of Canadian enterprises by foreign interests works against the interests of Canadians in general or against Canada as a nation. Nor does the report provide any evidence that any benefit would accrue from the mere fact of buying control of any business or industry owned by foreign entrepreneurs who established such enterprises. This is very disappointing to me because, like most Canadians who have been subjected to a barrage of criticism and alarmist viewpoints about the danger of foreign takeovers, I should very much like to know just what is the true situation and whether or not there is in fact a danger that we will lose control of our economy.

There is not one iota of truth in the claim that we, as a nation, do not have effective control over our economy—and I will give the government and previous governments credit for this—if we take the evidence available to us, evidence that can be taken seriously. In the absence of any clear-cut evidence of control, I must accept the preponderance of opinion expressed by most of our bankers and industrialists that Canada is in control of every area of its national economy and that we are in no immediate or long-term danger of losing that control.

There is evidence that foreign-owned or controlled businesses and industries are as good corporate citizens as are Canadian-owned enterprises. There is ample evidence that without the influx of foreign capital and expertise of the past 50 years many areas of our economy would be lagging behind acceptable norms. I say that from my own business experience, because I found this to be true in the 25 years that I was in business before coming to this chamber. Our mining and smelting industry, lumber, pulp and paper and automotive industries, as well as a large percentage of our labour intensive industries were established initially, or have been since established, by capital brought in by foreign entrepreneurs. This has been the case ever since confederation. One notable example of this was the influx of British capital which, in the main, built the Canadian Pacific Railway, the very instrument of confederation.

At this point I would like to use an example that is familiar to all of us to point up the jaundiced view of many of our so-called economic nationalists. I refer to the plant operated by the Canadian International Paper Company in Temiscaming, Quebec. All of us mourn the closing of the plant, and the loss of jobs by hundreds of people in that town. Canadian International Paper Company has always been a good corporate citizen. For the past 52 years the company has spent tens of billions of dollars in capital equipment and improvements, taxes, salaries and in other ways, in fulfiling its obligations to the community, to the country and to its shareholders. It has been the town's major employer and it has been a good employer. We are now informed that the plant is being closed down because the market for the company's product has changed to the extent that the plant is no longer economically viable. Understandably, the company's workers are stunned and afraid. They are concerned about their future prospects of employment, and they are concerned about their families.

Since the news of the closing of the Temiscaming plant, it has been touted around by the economic nationalists that the company's head office is in New York and that therefore the company is owned by a United States parent. This good corporate citizen has suddenly become a culprit. We are told now that this is one of the dangers of having major industries owned or controlled by outsiders, and that the company would continue in operation if it had been Canadian-owned.

We have another example of this, the case of a company well known to all of us, one of the largest in the world, and vital to Canada International Nickel of Sudbury. Although all of the physical work of mining and smelting takes place in Canada, its administrative headquarters is in New York city. I have no objection to that so long as the company remains, as it always has been, a good corporate citizen of Canada. It has a world wide market as well as world wide respect. Falconbridge is another company that also enjoys such respect.

Let us look at two fundamental facts about the operation of this company in Temiscaming. Canadian International Paper Company did not wait until the last minute before trying to take corrective action. For the past few years, the company has been seeking alternative measures to stave off the effects of a failing market for its product. It has tried to find ways of adapting the plant's facilities to production of more viable products, but could not find such a solution. Now that closing of the plant has been forced upon them, the company has arranged to assist any government agency or private interests in utilizing the plant's facilities for the production of any marketable product in an effort to minimize the impact on the local citizens. This does not indicate that industrial giants are unfeeling, or that they are not interested in the welfare and well being of the citizens of the host country.

I regret to say that Ottawa has become such a bureaucratic jungle in the four years of the present government's term of office that I shudder at the implications of this bill. The fact that a group of bureaucrats are to be put in the position of passing judgment on the acceptability of an investor in Canada and assessing such investor's net advantage or disadvantage to the Canadian economy bodes no future good. In my opinion, the part of the bill which gives all power to the minister, and then in turn to the Cabinet, is inadvisable. How in the name of reason could such people be expected to know more about a particular enterprise than those people who have spent their lives learning their industrial crafts, and who know not only the ins and outs of the business but the workings of the world markets?

• (1720)

Mr. Pepin: We have some businessmen, don't worry.

Mr. Alkenbrack: I hope you do, Mr. Minister. The minister says he will have some businessmen to advise on these questions. I hope that is so, and will always be the case without exception after this bill comes into force. If this is the answer to the particular problem the government has

defined, then I am more than ever determined to learn the nature and the extent of that problem.

We have a situation in Napanee I wish to air before the House.

Mr. Pepin: Please don't; please don't.

Mr. Alkenbrack: The minister says "please don't". I am sure he would be interested in listening to this because the jobs of 400 men are at stake.

Mr. Pepin: You write me a letter.

Mr. Alkenbrack: Napanee Industries, the successor to the old Napanee Iron Works, is a good-size firm in Napanee which manufactures the famous and nationally accepted Napanee automatic boiler. It also makes a line of railway equipment including flatcars, hoppers and railway cars. This firm is owned by Mr. Walter Gordon's firm, known as Corporate Management Limited. Due to a recent lack of orders for railway equipment and cars this firm is now for sale, and it is common knowledge that Mr. Gordon's firm is very anxious to sell it. I hope the minister is still interested in listening to this information.

Napanee Industries has for some time been the victim of unfair competition, especially from Montreal and Quebec firms, which I am told are subsidized by the Quebec government as a result of being the successful low bidders on railway equipment orders. Due to this competition, and because of the limited market in Canada for this product, it is plain to me, as I am sure it is plain to the minister, that any potential buyer of this firm must be one enjoying a wide international or continental market. Therefore, Corporate Management Limited is not apt to be able to sell this firm to any but a non-Canadian firm. In other words, the chances are that the bidders will be from the United States. Will the government, in the interests of preserving jobs for 400 men, allow the sale of this firm to an American buyer? Will Mr. Walter Gordon, who is head of the committee for an Independent Canada, still be willing to sell it to a United States firm? That is the present question around Napanee.

The Prime Minister (Mr. Trudeau) was reported the other day as having announced in Winnipeg that there would be a purchase of 2400 hopper cars to move western grain. He is reported to have said they would be purchased from two sources in Quebec or in Hamilton. Let me suggest to the Prime Minister that he investigate the possibility of having some of these hopper cars made in Napanee by Napanee Industries Ltd. where we need the work, thus forestalling the layoff of men at the present time. I trust the minister is more concerned with this problem now than when I first brought it up. I thank him for listening.

Mr. Speaker: Order, please. I am sure what the hon. member is saying now is of interest to many members of the House, perhaps all members, but as the hon. member suggests, he is taking advantage of having the floor to air a situation which is obviously of local interest. The hon. member must appreciate that there is a specific bill before the House. I assume what he is saying now is relevant to Bill C-201. Perhaps he might indicate to the Chair how this principle of relevancy is being observed at this time.

Mr. Alkenbrack: Thank you, Mr. Speaker. With due respect, that is exactly why I brought this matter up, because it pertains to the possible sale of this company to a company other than a Canadian one, and this is directly related to the purpose of Bill C-201. This firm has been the victim of unfair competition, and I have stated the source of this in the past. The firm has other opposition as well, in Hamilton, where they too, apparently, can bid lower prices in tendering on this equipment.

There has long been a fallacy in the thinking of some of our people that anti-Americanism is proof that one is pro-Canadian. Nothing could be further from the truth. To be against something simply means that you are against it. The same fallacy seems to be apparent in this legislation, and the government is proving to us that it is pro-Canadian industry by showing it is against someone else. If the government is determined to promote Canadian business and interests, it can count on my wholehearted support. I am all for such a policy, but I am afraid the present government is just against someone and not for anyone. I point to the recent tax reform package that was railroaded through this House by closure. This is an administrative nightmare for Canadian entrepreneurship, and has already discouraged businesses of long-standing to remain active. The tax legislation has already encouraged Canadian-owned businesses to sell out to anyone who has the cash and the willingness to buy. There is no longer a challenge to Canadians to embark on new business ventures with their own capital because the risk is too great and they have no protection.

Multinational corporations have been singled out by the NDP and nationalists as the great culprits. We are led to believe that these corporations are going to swallow up our country, bleed us dry, throw us aside and abandon us. This sounds very menacing and frightening unless you take a closer look at the situation, and especially if you consider the multinational corporations which are Canadian owned, and we have some of them. Our chartered banks were among the first multinational corporations in the world, and they have a good record in almost every country of the world. In almost every corner of the world you can find a branch of a Canadian bank, and these banks are among the most stable and respected banks you will find. The multinational character of our banks has been good for our country, and good for the Canadians who own stock in them.

Our banks and financial institutions have a virtual monopoly in our country. Efforts of foreign banking and investment houses to establish in Canada have been resisted firmly and decisively by our governments. Many of our top bankers believe we are running a great risk in adhering to such a policy. We want to locate and do locate in other countries, yet deny the same right to other countries here. It is said we want our bread buttered on both sides, and that we could be excluded from countries we exclude from Canada. This example is only to show that foreign investment is a two-sided coin, and that while we tend to over-react whenever someone shouts the alarm that we are being taken over, we do not hear such alarms

expressed by countries where we have Canadian-owned and controlled corporations.

There is another thing about this bill which gives me reason for concern, and that is clause 3. We find that by definition, a Canadian branch business is one that is incorporated elsewhere than in Canada and that operates from premises to which persons employed in connection with that business report for work. This is either a further example of the fuzzy headedness that exists in the present government's approach to legislative writing or it is an attempt to convey an impression that is completely false.

• (1730)

Any company or business that operates in Canada must be incorporated under the laws of our country and under the laws of the provinces in which such a company maintains premises. An example is the Ford Motor Company of Canada Limited. This company is a limited company incorporated in Canada under both federal and provincial statutes, and is subject to the same laws and regulations as any other limited company in Canada, whether the investment capital comes from Canadian or foreign sources. The stock in Ford of Canada Limited can be purchased by anyone who wants to buy it, whether he is Canadian, Japanese, German or of any other nationality. All anyone has to do, if he feels that stock in a particular company should be owned by Canadians, is to call his broker. I offer this advice to everyone who feels strongly about ownership of companies operating in our country. Do as people do in every other country, call your stockbroker and place your order. I am not advertising Ford shares because I do not have any of that stock, but those shares can be purchased by anyone who wants to buy them.

If Canadian banks and insurance companies, as well as Canadian individuals, had been willing to invest in the high risk ventures in our resource and manufacturing sectors, there would not have been so many opportunities for such investments by foreigners. It would serve us ill at this point to lump them now in a general grouping, label them culprits and castigate them for investing in our country. At least let us make a proper assessment of the situation and determine whether or not they represent an undesirable situation. Before we launch ourselves along the path of precipitate corrective action, let us first identify the problem. That will be the job of this House through its committee work in the days immediately ahead so that we may come up with something that will be good for Canada and her economy.

Mr. Andrew Brewin (Greenwood): Mr. Speaker, contrary to the opinion expressed by the previous speaker, it is my view that the erosion of our national independence has reached alarming proportions. Canada has become an economic satellite. It has allowed itself to drift into a position of military, economic and cultural dependence upon the United States. In this situation political absorption becomes irrelevant. I say that the Canadian public have become acutely conscious of the danger and realize that unless effective and decisive measures are taken immediately to reverse the trend of the foreign control of our economic life, the consequent loss of meaningful independence will soon reach the point of no return. To this crisis of Canada's sovereignty and independence and to the growing public demand for action the government has reacted with Bill C-201 providing for a screening process of certain takeovers by foreign interests. This is a feeble and inadequate response. It is less than half a measure. It is the very minimum. It is a gesture which tackles a small fraction of the problem and tackles it inadequately.

However, we ought not to be surprised by this. It is consistent with the whole record and philosophy of the party in government at the present moment. The economic independence of Canada is closely linked with the political independence of our country. The government has clearly indicated this philosophy which inevitably leads to the continentalism which has brought about the present situation.

In "Foreign Police for Canadians", a series of statements issued by the Secretary of State for External Affairs (Mr. Sharp) in 1970, the government spelled out its approach and its priorities in the field of international affairs. It set out six themes of national policy and amongst these it gave priority to economic growth.

On page 32 of the first main pamphlet on foreign policy, the following statement appears:

> After considering these and other alternatives, and having in mind its determination to emphasize what Canada can do best in order to promote its objectives abroad, the government is of the view that the foreign policy pattern for the 70's should be based on a ranking of six policy themes which gives highest priorities to economic growth, social justice and quality of life policies. Peace and security, sovereignty and independence will be placed "in a new pattern of emphasis".

We in this party do not accept these priorities. Of course, economic growth is a desirable objective, but in our view the sovereignty and independence of Canada come first and peace and security in a nuclear world should rank ahead of economic growth. As we are guided by this philosophy, we are not prepared to sacrifice the sovereignty and independence of Canada in the hope of promoting economic growth. Indeed, we believe that it is not necessary to surrender to foreign control of our economy to promote the economic expansion of Canada. In our view, Canada has the resources and the means of financing her own expansion.

Our attitude is not based upon any narrow nationalism, chauvinism or anti-Americanism. I, for one, consider myself an internationalist, but I believe that Canada's distinct contribution to peace and security, and the building of a world community, depends upon her maintaining her sovereignty and independence and, above all, independence of mind. I believe this sovereignty and independence cannot be preserved unless vigorous steps are taken to control the Canadian economy.

The facts as to foreign ownership are well known and have been set out in a number of authoritative reports, namely, the Watkins report on foreign ownership, the Gray report, and the report of the Committee on External Affairs and National Defence on Canadian-American relations. Numerous books have spelled out the problem in all its gravity. One of the best of these is called "Silent Surrender" by Professor Kari Levitt of McGill University.

As has been made clear in this debate, the present legislation deals only with a limited number of takeovers

and deals with them in an ineffective manner. Mr. Wilson of the Montreal *Star* wrote:

> Takeovers are by far the smallest part of the whole issue presented by foreign control of very large segments of Canadian industry. The takeovers have clearly been chosen by the government for this very limited step towards a policy because it is the part least sensitive to Canadians, least likely to provoke controversy.

Foreign takeovers, according to government estimates, represent just 10 per cent of foreign investment activities in Canada. The other 90 per cent represents new investments by foreign owned corporations already operating here or new investments by foreign corporations investing in Canada for the first time. Neither of these areas is affected by the proposed measure we are discussing, so we are dealing with 10 per cent of the problem which we are facing.

Professor Paul Halpern, Associate Professor in the faculty of management studies at the University of Toronto, commenting on the government's new policy on foreign takeovers, says this:

• (1740)

> Since foreign takeovers of large firms have been estimated to constitute approximately 10 per cent of foreign investment activities in Canada, the impact of the screening agency will be minimal.

I thoroughly approve of, and am glad to repeat, that statement.

Dr. Levitt in the book to which I have referred called "Silent Surrender" says this:

> The brutal fact is that the acquisition of control by U.S. companies over the commodity-producing sectors of the Canadian economy has largely been financed from corporate savings deriving from the sale of Canadian resources, extracted and processed by Canadian labour ... Thus, over the period 1957 to 1964 U.S. direct investment in manufacturing, mining and petroleum secured 73 per cent of their funds from retained earnings and depreciation reserves, a further 12 per cent from Canadian banks and other intermediaries and only 15 per cent in the form of new funds from the United States.
>
> Furthermore, throughout the period the pay out of dividends, interest, royalties and management fees exceeded the flow of new capital ... In other words, America is using our own money to take over the Canadian economy—and skimming off a tidy profit at the same time.

In the past, Canadians have had to admit that we are selling our freedom. Now, it is apparent that we are actually buying our servitude. I should add a note to that, Mr. Speaker, to point out that the figures given by Dr. Levitt are now outdated. She says that 85 per cent of the funds used to acquire American control of our economy come from Canadian sources. I believe the Gray Report indicates the figure is now 93 per cent or 94 per cent.

The approach of the government, as Mr. Wilson, whom I quoted before, pointed out, is so loose and flexible that it tells almost nothing of what will actually happen in the future. Very general criteria, rather than precise limitations, have been given to the Minister of Industry, Trade and Commerce (Mr. Pepin) to guide him in his recommendations to the cabinet. The policy is likely to vary from minister to minister, from government to government. The concept of "significant benefit to Canada" is a vague and uncertain concept. I question whether the task of determining what takeovers are of significant benefit to Canada should be a purely governmental responsibility.

The Committee on External Affairs in its report on this subject, after extensive investigation, proposed a Canadian Ownership and Control Bureau, which in turn had been recommended in the Watkins Report which spelled out in detail the function of this bureau. It is no wonder that the chairman of this committee, the hon. member for St. Paul's (Mr. Wahn), in the eloquent speech he made yesterday acknowledged this bill was a baby step forward and, in his words, ineffective. However, he took refuge in the proposition that it was a first step. I wonder if he pays no attention to the words of the Prime Minister (Mr. Trudeau) himself, because the Prime Minister has clearly pronounced that he has nothing up his sleeve to add to this particular measure.

In an interview with the Toronto *Daily Star*, the Prime Minister is quoted as saying:

> It might be tempting to tell the readers of the *Star* that this is only a first step and we're going to take another one soon, but that would not be so. If we had another step to take we would have announced it.
>
> At this time it is the step we are taking and we are prepared to be judged by it.

Mr. Pepin: He was talking about screening only.

Mr. Brewin: Well, he was being quoted in the context of dealing with this whole aspect of foreign control.

Mr. Pepin: He was talking about screening.

Mr. Brewin: If that is the minister's explanation, it is not an explanation that satisfies me because I think the words in the article are perfectly clear. I will reread them, and I invite the minister to read what was said. The Prime Minister said:

> At this time it is the step we are taking and we are prepared to be judged by it.

I say he will be judged by it. It is no use for the hon. member for St. Paul's and the hon. member for Windsor-Walkerville (Mr. MacQuigan) to say that this is not enough, that we know it is not enough, but we have other steps, and that this is only a start. The Prime Minister has made it clear that he has nothing else up his sleeve. He spoke with his usual clarity, and he cannot get away from his words.

Another, and even more serious aspect of this matter, is that the Prime Minister in other interviews has made it clear that he is handing responsibility over to the provinces, to the provincial governments, after this first futile gesture. I quote again from an editorial in the Toronto *Daily Star* on the 8th of this month as follows:

> The worst part of Mr. Trudeau's performance (in dealing with the issue of foreign ownership on a CTV program) was his evasion of responsibility. He said provinces that criticized his government's lack of policy should go ahead and control foreign investment on their own. It is true that there are things the provinces can do independently to screen foreign investment and get better value from foreign-owned enterprises. But, Mr. Trudeau knows perfectly well that it is not practical for a province acting alone to make comprehensive policy in this field. The leadership in this field should come from Ottawa.
>
> Mr. Trudeau has now abdicated from that leadership role and he cuts a poor figure—

I am glad to quote the Toronto *Daily Star* because it has so often supported the Prime Minister. Possibly hon. members opposite did not catch what I said. I will be glad to repeat it.

> Mr. Trudeau has now abdicated from that leadership role and he cuts a poor figure, as a man whose government was elected to defend Canadian federalism, when he invites provinces to take the lead on what is clearly a matter of national scope and importance.

There is another report of a parliamentary committee which has been completely ignored by the government. It is the report of the Joint Senate and House of Commons Committee on the Constitution. As hon. members well know, this all party committee travelled all the way across Canada and received submissions from many experts and witnesses in every section of the country. I want to quote one of its recommendations, No. 103, which reads:

> The power of the federal parliament with respect to aliens should be clarified to ensure that parliament has paramount power to deal with problems of foreign ownership.

I want to read part of the body of that report because it is very relevant to this whole debate.

> Throughout the hearings of the committee there was a recurring concern for Canadian independence, sovereignty, unity and identity. Certain witnesses expressed their alarm over the large percentage of Canadian land, resources and industry owned by non-Canadians and especially by Americans. They referred to our recreation land, our mining, oil and gas industries, our publishing and text-book industries, etc. It was established that American investment is 80 per cent of the total foreign investment in Canada and that 76 per cent of all companies in Canada with assets over $25 million are foreign owned. Fears were expressed that Canadian citizens might lose political as well as economic control of their own country; that they would be barred from the best jobs and the best land; that they would be run by absentee landlords; and that Canadian people and resources would be working for the enrichment of other peoples and other lands.
>
> This concern over the economic domination of our country can be closely related to other concerns expressed before the committee, such as the lack of national unity and a vigorous national purpose, the tendency to regionalism, the proliferation of hyphenated Canadians who cling to the nationality or symbols of their mother countries, misunderstanding and differences between French speaking and English speaking Canadians, old and new Canadians, older and younger Canadians, native born Canadians and immigrants. As a multicultural country it is all the more important for Canada to insist on a substratum of national unity. Unless Canadians do develop a definite solidarity among themselves and a conscious attachment to their country, territory and resources, they will not be able to deal with the threat of foreign economic domination and may not survive as a nation. There must be not only a regional solidarity and attachment, but a national one. All Canadians must consider themselves undivided owners of all Canadian territory and partners or trustees in its management. There should be no second-class citizens and all must feel at home in every part of the land. To develop a positive nationalism we must know more about our country and each other. We must take more interest in our history, our music, our arts, our national institutions and associations. On our success in these things our independence, our sovereignty and our unity will depend. We shall become "masters of our own house" in Canada.

• (1750)

Mr. Pepin: Hear, hear!

Mr. Brewin: Mr. Speaker, these are the words of an all-party committee which agreed upon them, so they have relevance to this debate. How can we have that unity if we throw away the control of our resources and give them into alien hands? The committee points out that the constitutional right to deal with the subject of foreign ownership may perhaps be uncertain. However, section 91 of the British North America Act gives exclusive control over aliens. It is my own conviction that this paramount power of the federal government gives basic responsibility for dealing with the problem of foreign ownership to the federal Parliament. I am not suggesting that the federal Parliament should interfere in questions of property and civil rights without consultation with the provinces, but I am suggesting that the obligation of leadership in this field to prevent alien domination clearly lies, under our present constitution, with the federal government. The abdication of the Prime Minister and his government in this field not only indicates a lack of leadership, it presents a threat to the unity of Canada. What hope is there of maintaining the unity of Canada if we are not going to be masters of our own house and if our independence and sovereignty are eroded by alien control?

There are many reasons for my belief that in the forthcoming election this government will suffer a resounding defeat. There can be no better reason than this feeble response to the grave threat to Canada's existence as a nation represented by this proposal to deal with foreign ownership of the Canadian economy. If Canadians desire to encourage continentalism and be absorbed by our neighbours in all but form, they will support this measure and this government. I believe, however, that Canada's independence can only be assured if this government is defeated, and a government capable of protecting Canada elected in its place.

[*Translation*]

Mr. René Matte (Champlain): Mr. Speaker, the very fact that we have to discuss foreign investment in Canada, in particular American ones, indicates that we have problems to which we have not found yet real solutions, because we do not try to make a profitable and efficient analysis of the causes of such problems.

We shall never settle this foreign investment problem by passing ordinary or timid legislation, nor without dealing with the genuine causes of the problem.

I find it curious to see the hon. minister, as well as many of his colleagues, come and tell us the same old story namely that we need foreign investments and that we are helpless without them.

Mr. Speaker, in my opinion, this is giving us very little importance and annihilating our own potential. In effect, as long as we judge financial problems on the basis of prejudices such as, for instance, believing that it is impossible today for a country such as ours to grow and live adequately without being alienated by American high finance, we will be going the wrong way.

We should simply destroy this prejudice. We should stop entertaining it because—as I have said repeatedly in the House—what matters for any individual, wherever he lives, it is to be able to buy the consumer goods he needs to live adequately.

In such a rich country as Canada which has the potential required to provide food, clothing and shelter to the whole population without outside help, it is stupid to talk about the absolute need for foreign capital. We only have

to rely on our own potential and we will not need foreign authorization to keep on developing.

Once such principles are applied, Mr. Speaker, I am sure that the hon. minister would have many more solutions to propose than those to be found in this bill.

May I call your attention, Mr. Speaker, to the fact that it is six o'clock.

The Acting Speaker (Mr. Laniel): Order. It being six o'clock, the House will adjourn until tomorrow at 2 p.m.

At 6 p.m. the House adjourned, without question put, pursuant to Standing Order.

HOUSE OF COMMONS

Thursday, June 1, 1972

The House met at 2 p.m.

ROUTINE PROCEEDINGS

[*Translation*]

REGIONAL DEVELOPMENT

First report of Standing Committee on Regional Economic Expansion, in both official languages—Mr. Guay.

[*Editor's Note: For text of above report, see today's Votes and Proceedings.*]

* * *

[*English*]

PUBLIC SERVICE

STATEMENT BY PRIME MINISTER ON COMMENTS IN 1971 ANNUAL REPORT OF COMMISSION CONCERNING APPOINTMENT BY MERIT

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, the annual report of the Public Service Commission for 1971, which was tabled in the House as a routine matter yesterday, has this morning, received interpretation and comment in the press which is causing some concern, possibly based on misunderstanding. The basis of appointment to the public service, which is the question involved, is a matter of very real importance to the public and to this House. In all the circumstances, the government is of the opinion that the report should be referred to a committee of the House where the matter can be discussed with the chairman of the commission and where clarification can be secured.

• (1410)

It is not, I think, generally realized that the Public Service Commission is, by law, an independent agency responsible to Parliament, not to the government. It is independent by reason of the provisions of the Public Service Employment Act, as are some other public servants who are directly responsible to Parliament.

Since the press reports of this morning, I have looked at the relevant paragraphs of the annual report and I must say it appears to me that the report had been misinterpreted. Newspaper accounts refer to it as indicating that the merit system "is being abandoned" or is "on the way out". I have been able to find no statements of that kind in the report. What the report does is refer to what it says is a problem with regard to "equality of opportunity" for certain groups in the community to be fully represented in the public service. It suggests that the answer to this problem "may be found in a dynamic concept of merit". As I read the report, it is not suggesting that merit be abandoned but rather that means be found of providing full and equal access for people in all groups to be considered for appointment on the basis of merit. In any event, it is apparent that there is some confusion and misunderstanding and it is important that this should be removed.

May I say, Mr. Speaker, that whatever the explanation or interpretation of the report may be, there is no doubt about the position of this government. It has stood squarely for the merit principle for appointment to the public service and that is the principle for which it continues to stand.

If it can be arranged among House leaders to have the report sent to a committee of the House for discussion without delay, the government is prepared to provide the necessary reference.

Hon. Robert L. Stanfield (Leader of the Opposition): Mr. Speaker, I assume that the Prime Minister's statement was hastily prepared as he has not followed his usual courteous practice of supplying the leaders of the opposition parties with copies before delivery. I must say that I welcome the statement which deals with an important subject. It is important to clarify the report of the Public Service Commission and to reassure the Canadian people as to the concepts the public service commissioners have in mind. I also welcome the Prime Minister's statement this afternoon that the government stands squarely behind the merit system in terms of appointments to and promotions within the public service. I believe that if confusion exists following the report of the Public Service Commission, and I believe it does, it was justified in view of the confusing rhetoric in the opening sections of the Public Service Commission report. For example—I will not take long—there is this statement:

> Because the merit concept was originally designed to eliminate patronage, it has tended to develop a sacred cowishness of its own.

That statement of itself would tend to suggest to some people, at least, that the principle to some extent is being abandoned. Farther on the report says:

> But the commission has been taking a longer look at the concept of merit in recent years.

It then talks about the excellent improvement in the public service that the application of the merit system has produced. The last statement I have quoted would also create the impression in the minds of many people that the concept of merit was in the process of substantial modification. Later the report says:

> A growing feeling has been that the merit system in the past has been applied too narrowly and that equality of opportunity for these groups has been lacking.

That is open to the interpretation the Prime Minister has placed on it, but it is also open to other interpretations.

Therefore I agree it is highly important that this whole subject be clarified and I support a reference to the committee where the Public Service Commission can be questioned and can clarify its position and make it very clear to the country exactly what it has in mind. I do not think there will be any question, if the Public Service Commission stays within the authority granted to it by statute of this Parliament, that it has no alternative but to support the merit system in the public service. Any possible doubts in that regard should be removed because it is very clear that the opening pages of the report in particular have caused great unease in this city and probably throughout the land.

Mr. David Lewis (York South): Mr. Speaker, I too regret, although I do not blame the Prime Minister (Mr. Trudeau), the fact that we were not able to see a copy of his statement before he made it.

I will not read the parts of the first page of the report which the Leader of the Opposition (Mr. Stanfield) quoted. But I wonder whether the commission would have written that page if it did not have something in mind that suggests erosion of the merit system. I cannot understand or imagine the commissioners writing some of the sentences and paragraphs at the beginning of this report, some of which the Leader of the Opposition has quoted, without there being something in their minds having to do with the merit system and an intention to erode it. I do not understand how the Prime Minister can read these passages and say that the commission is still standing by the merit system. Obviously it is not. There may be useful and socially desirable ways in which the merit system may be applied somewhat differently than it has been in the past, but I have read the section very carefully and it is not what this section of the report says. The press is not to be blamed and nobody else is to be blamed for feeling uneasy that these statements have found their way into the report.

I think it is important to state now that what we are dealing with is not merely a matter of policy. We are dealing with a statutory requirement. I remind hon. members that section 10 of the Public Service Employment Act specifically states that appointments to the public service shall be made on merit.

Some hon. Members: Hear, hear!

Mr. Lewis: It is not merely a matter of policy of the commission; it is a matter of a statutory requirement for the commission to act in a certain way.

I must also mention—I remember it very vividly—that during the discussions of the special committee on the Public Service Employment Act and the Public Service Staff Relations Act in 1966, of which I was a member, as was my colleague, the hon. member for Winnipeg North Centre (Mr. Knowles), I argued with the then secretary of the Treasury Board, Mr. George Davidson, against the provisions in those acts which retained in the Public Service Commission exclusive rights with regard to appointment, promotion, classification, reclassification and all the other areas of job security. They took those areas out of the ordinary collective bargaining process. Your Honour will see in a moment why this is relevant. The reason they gave for taking those areas of job security out of the collective bargaining process was that they could not leave them to negotiation. Appointment promotions and classifications had to be done on the merit system. That was the reason they gave us for taking out of the collective bargaining process what is normally the most important area in it.

• (1420)

I am also pleased the Prime Minister agrees that this report, and particularly this part of it, should go to a committee for consideration. My hon. friend from Winnipeg North Centre has a motion precisely on this point, under Standing Order 43 which he intended to move and which, with Your Honour's permission, he will move. He has given the government House leader notice of his motion and I hope, therefore, that it will be unanimously accepted. We are ready to have it accepted without debate.

[*Translation*]

Mr. Réal Caouette (Témiscamingue): Mr. Speaker, let us call a spade a spade. The controversy over the merit system as applied in the public service is not new. In fact, we often hear that, at the present time, if a candidate does not speak one of the two official languages, he cannot get a job.

There is in the civil service as elswwhere prejudice with regard to hiring. I feel that the criterion of competence should have priority over all others with regard to employment in the public service.

Mr. Speaker, I feel that it is absolutely unfair to tell a unilingual civil servant of 50, for instance: If you fail to learn the other official language, you will lose your job within a year or two. This is not the way to correct the situation.

If we really wish to respect both official languages, I think that the best way to do it, as far as the government and civil service are concerned, is to encourage the provinces which have jurisdiction over education to teach in both official languages as early as grade 1. Thus, within five years, we could remove the misunderstandings and we could surely progress, through the qualifications of bilingual public servants.

[*English*]

COMMISSION COMMENTS CONCERNING MERIT SYSTEM—REQUEST FOR UNANIMOUS CONSENT TO MOVE MOTION UNDER S.O. 43

Mr. R. Gordon L. Fairweather (Fundy-Royal): Mr. Speaker, had the Prime Minister been able to give us notice of his intention to make the statement he has just made we might have saved a certain amount of time. Nevertheless, I rise to propose a motion in a case of urgent and pressing necessity under Standing Order 43. The matter concerns, as Your Honour might suspect, the declaration by the Public Service Commission in its annual report that the commission intends to interpret unilaterally the principle of appointment by merit contained in the Public Service Employment Act. I therefore

propose to move, seconded by the hon. member for Halifax-East Hants (Mr. McCleave):

That this House, for the preservation of the morale of the public service and the rights of the bargaining agents and the employee organizations of the public service, and the supremacy of Parliament to interpret its own statutes, is of the opinion that the Prime Minister should forthwith publicly announce the government's policy relating to this matter and assure the House that the merit principle in the public service will be changed only by a law of this Parliament and not by any philosophy on the part of the Public Service Commission.

Mr. Speaker: The hon. member for Fundy-Royal has proposed this motion under the terms of Standing Order 43. The motion can be put only with the consent of the House. Is there such consent?

Some hon. Members: Agreed.

Some hon. Members: No.

Mr. Speaker: There is not unanimity. The motion cannot be put.

REFERENCE OF 1971 ANNUAL REPORT OF COMMISSION TO COMMITTEE—REQUEST FOR UNANIMOUS CONSENT TO MOVE MOTION UNDER S.O. 43

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, I wonder whether I could make another try with respect to this matter. As the hon. member for York South (Mr. Lewis) indicated, I gave notice earlier to the government House leader of a motion that I should like to make under Standing Order 43. I have left out of my motion any debate or argument; all I should like is to see this matter referred. Therefore I move, seconded by the hon. member for Nanaimo-Cowichan-The Islands (Mr. Douglas):

That the annual report of the Public Service Commission of Canada for 1971, tabled in the House of Commons yesterday by the Secretary of State, be referred to the Standing Committee on Miscellaneous Estimates for a study of the changes in the application of the merit system referred to therein.

Mr. Speaker: The motion proposed by the hon. member for Winnipeg North Centre under the terms of Standing Order 43 requires unanimous consent. Is the hon. gentleman rising on a point of order?

Mr. MacEachen: Mr. Speaker, I rise on a point of order in order to facilitate, if possible, what I believe we all want, which is to have the matter studied by a committee. Speaking for myself, I would agree that this motion be put and accepted without debate if the last part were deleted; it seems to me to prejudge slightly the issue that will be examined by the committee. I refer to that part that makes reference to "changes in the application of the merit system referred to therein". If that were removed I could accept the motion.

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, while I would rather have the entire motion put, if the first part were put it would still include everything contained in the report and that covers the part about which we are concerned. For the sake of getting this matter dealt with today, I would agree to terminate the motion after the words "miscellaneous estimates".

Mr. Speaker: Is the hon. member for Grenville-Carleton rising on a point of order?

Mr. Blair: Yes, Mr. Speaker. I think it is extremely important at this time to be precise, clear and unambiguous in the instructions that we give the committee. I have a vivid recollection of what happened last year when important matters pertaining to the public service were referred to the miscellaneous estimates committee, matters involving, among other things, the question of appointments, promotions and the application of the merit system. My recollection is very vivid indeed.

Mr. Speaker: Order, please. The hon. member rose on a point of order and he will appreciate that a motion has now been proposed by the hon. member for Winnipeg North Centre. It seems to me that essentially the hon. member is debating the terms of the motion. If he is not satisfied with the terms of the motion, I think his recourse is to vote against it, not debate it.

Mr. Blair: Then may I rephrase my point of order and ask for an assurance from the House that this committee will not in any way be inhibited, as was the committee last year, in reporting on the matters referred to it.

Mr. Speaker: Order, please. That is hardly a point of order.

Mr. Hees: Who was it who inhibited the committee last time?

Mr. Speaker: Order, please. I do not think the Standing Order provides for what the hon. member is suggesting. The motion now proposed by the hon. member for Winnipeg North Centre is the following:

That the annual report of the Public Service Commission of Canada for 1971, tabled in the House of Commons yesterday by the Secretary of State, be referred to the Standing Committee on Miscellaneous Estimates.

This motion under the terms of Standing Order 43 requires the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Mr. Speaker: I believe there is unanimous consent. Is it the pleasure of the House to adopt the said motion?

Some hon. Members: Agreed.

Motion agreed to.

* * *

• (1430)

[*Translation*]

PENSIONS

QUEBEC—INCREASE IN COST OF BOARD FOR SENIOR CITIZENS—REQUEST FOR UNANIMOUS CONSENT TO MOVE MOTION UNDER S.O. 43

Mr. Léonel Beaudoin (Richmond): Mr. Speaker, I should like, under Standing Order 43, to propose a motion on an urgent matter.

Pensions for Quebec Old People's Homes

The pensioners of my constituency living in old people's homes are asking the government to take specific steps, in order to cope with the decision of the Quebec government concerning the $15 per month increase of the old age security pension.

From July 1, 1972 the cost of board will be raised to $110 per month, which means that they will really only get $9 out of the $15 raise, as mentioned in a letter which has been sent to me by Mr. Philippe Hinse, on behalf of all boarders at the Foyer Sainte-Anne-Marie, in Danville—

Mr. Speaker: Order. The hon. member should move his motion immediately.

Mr. Beaudoin: Very well, Mr. Speaker.

I request the unanimous consent of the House so that this urgent matter be debated and so that the pensioners receive what the House has voted. Therefore, I move, seconded by the hon. member for Lotbinière (Mr. Fortin):

That the government take appropriate steps to ensure that the Quebec pensioners actually draw the full amount granted by the government under Bill C-207.

Mr. Speaker: Order. The motion moved by the hon. member is not in order, because he moves it under the provisions of Standing Order 43, whereas this is actually a motion which should be moved under Standing Order 26. The hon. member requests the unanimous consent of the House to discuss this urgent matter, so that pensioners will actually draw the amount that the House has voted. In other words, he requests the holding of an emergency debate, and such a motion must be moved under the provisions of Standing Order 26.

* * *

[*English*]

ORDERS AND DECORATIONS

TABLING OF ORDERS IN COUNCIL RESPECTING PROTOCOL FOR WEARING INSIGNIA

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, under Standing Order 41(2), I should like to table Orders in Council in both languages respecting protocol for wearing insignia for Canadian orders and Canadian decorations.

Mr. Blair: Mr. Speaker, I rise on a point of order. I had intended at this stage of the proceedings to request permission to move a resolution for the adjournment of the House to discuss the matter raised by the Public Service Commission report, but in view of the agreement to refer this matter to a committee I should like to have permission to withdraw this proposal for the time being.

[Mr. Beaudoin.]

ORAL QUESTION PERIOD

FINANCE

CANADIAN DOLLAR—MAINTENANCE OF FREE FLOAT—GOVERNMENT INTERVENTION IN EXCHANGE FUND—ACCEPTANCE BY OTHER COUNTRIES

Hon. Robert L. Stanfield (Leader of the Opposition): Mr. Speaker, I should like to ask the Minister of Finance whether the government of Canada and the Bank of Canada are still maintaining a clean, free float of the Canadian dollar as the minister assured us recently had been maintained at least since the commencement of the year?

Hon. John N. Turner (Minister of Finance): Mr. Speaker, the government has intervened in the exchange fund only to maintain an orderly market.

Mr. Stanfield: Mr. Speaker, may I ask the hon. gentleman whether he has had any consultations with his counterparts in other countries in order to ascertain what their reactions will be to this movement by the government of Canada to intervene from day to day in the exchange fund? Has the hon. gentleman consulted his counterparts and can he assure us that this will be acceptable to them?

Mr. Turner (Ottawa-Carleton): Mr. Speaker, the countries represented in OECD understand Canada's position. As a matter of fact, when I was in Paris last week I chatted with the managing director of the International Monetary Fund who also has an awareness of Canada's position and why we are floating our dollar. A special auditing team of the International Monetary Fund, as is customary, visited Ottawa two weeks ago and had interviews with the governor of the Bank of Canada and its senior officers and with senior officials of the Department of Finance, the Chairman of the Economic Council of Canada and myself, and expressed understanding of Canada's position in this respect.

Mr. Stanfield: Mr. Speaker, I point out to the minister that he did not answer my question. I should like to ask him how far the government of Canada would consider it appropriate to go in ironing out day to day fluctuations of the sort he has in mind? Would the minister indicate to what extent he would consider it appropriate for Canada to increase its holdings of foreign exchange within the doctrine he has announced in the House this afternoon?

Mr. Turner (Ottawa-Carleton): Mr. Speaker, there is nothing new in the doctrine in the terms in which I have replied to Leader of the Opposition. I would not want to speculate by way of an answer to him, except to say that the problems encountered by Canada in respect of the exchange rate are in no way unique. They are shared by other countries in the world as a result of the current weaker position of the U.S. dollar.

Hon. Marcel Lambert (Edmonton West): Mr. Speaker, at the time the Minister of Finance held his discussions with the manager of the International Monetary Fund, did he or officials of the Bank of Canada disclose to the manager that Canada intended to conduct these, shall we say, even-

ing-out operations, and what was the reaction of the manager of the International Monetary Fund to such information?

Mr. Turner (Ottawa-Carleton): Mr. Speaker, the manager of the International Monetary Fund and, indeed, all our trading partners in the world, are aware of the figures as they are published monthly, and no comment was made.

Mr. Lambert (Edmonton West): Mr. Speaker, the minister has indicated that Canada's position was understood and approved. My question is, was the information disclosed to the manager of the International Monetary Fund that Canada would conduct these, shall we say, day to day evening-out operations to maintain a relatively grey float rather than a clean float?

Mr. Turner (Ottawa-Carleton): Mr. Speaker, I just want to say that the figures are published every month and we put those figures directly into the hands of the International Monetary Fund.

LEVEL OF INTEREST RATES—INQUIRY AS TO ACTION

Mr. T. C. Douglas (Nanaimo-Cowichan-The Islands): Mr. Speaker, I have a supplementary question for the Minister of Finance. Is he studying the high Canadian interest rates which undoubtedly are having the effect of attracting short-term foreign capital and thereby pushing up the price of the Canadian dollar? Is he looking into this question, and does the government propose to take any action in respect of the high interest rates in Canada?

Hon. John N. Turner (Minister of Finance): Mr. Speaker, if one were to look at the complete picture for an explanation of the current rate of the Canadian dollar as against other currencies, particularly the United States dollar, one would have to examine some of the underlying bases for the current weakness of the U.S. dollar, and also examine some of the counter factors that might be affecting the value of our dollar in the future, including the deficit on current account, both visible and invisible transactions, and the shortening of the capital account in terms of the influx of foreign investment in Canada.

Mr. Douglas: I have a supplementary question.

Mr. Speaker: Order, please. The Chair will recognize the hon. member for Nanaimo-Cowichan-The Islands for one last supplementary question on this subject and then return to the matter later if necessary. We must try to make better progress today than we made yesterday. The hon. member for Nanaimo-Cowichan-The Islands has the floor for a last supplementary question, after which the Chair will recognize the hon. member for Greenwood.

Mr. Douglas: Mr. Speaker, in view of the fact that Canadian interest rates are and have been for some time higher than interest rates in the United States, and therefore attractive to short-term United States capital, is the government doing anything about reducing Canadian interest rates as one means of keeping the Canadian dollar from going above the U.S. dollar?

Inquiries of the Ministry

Mr. Turner (Ottawa-Carleton): Mr. Speaker, Canadian interest rates are responding in part to a very strong demand for credit against all the chartered banks and other financial institutions, which is a reflection of the active expansion in our economy compared with some of the economies in Europe and the United States.

* * *

EXTERNAL AFFAIRS

MASSACRE AT TEL AVIV AIRPORT—REQUEST FOR STATEMENT

Mr. Andrew Brewin (Greenwood): Mr. Speaker, my question is addressed to the right hon. Prime Minister. In the absence of the Secretary of State for External Affairs, would he consider making a statement in the House on motions expressing the horror of Canadians at the atrocious, carefully planned, indiscriminate acts of terror and massacre against innocent civilians which took place at the Tel Aviv airport on Tuesday last?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, the Secretary of State for External Affairs is presently attending meetings of NATO in Europe. I will consider the suggestion made by the hon. member.

• (1440)

Mr. Brewin: I have a supplementary, Mr. Speaker. Would the Prime Minister also consider looking into the question of tighter regulations in respect of more effective checking on the use of aeroplanes for the carriage of concealed arms? Perhaps that should be directed to the Minister of Transport but I direct it now to the Prime Minister.

Mr. Trudeau: Mr. Speaker, the Minister of Transport has commented on this and answered questions on other occasions. If there is cause, I am sure he will be prepared to answer again a like question.

* * *

[*Translation*]

PENSIONS

OLD AGE SECURITY—ALLEGED INTENTION OF QUEBEC GOVERNMENT TO CLAIM PART OF RECENT INCREASE—REQUEST FOR STATEMENT

Mr. Léonel Beaudoin (Richmond): Mr. Speaker, I have a question for the Minister of National Health and Welfare.

Does he intend to make a statement on motions following the action taken recently by the Quebec government with regard to its intention of using part of the increase in the old age pensions which was granted through passage of Bill C-207?

[*English*]

Hon. John C. Munro (Minister of National Health and Welfare): No, it was not my intention, Mr. Speaker.

Inquiries of the Ministry

FINANCE

MORTGAGE INTEREST RATES—PLANS TO CONTROL INCREASE

Hon. George Hees (Prince Edward-Hastings): Mr. Speaker, I have a question for the Minister of Finance. As housing mortgage rates have increased by half of one per cent since early March, give every indication of continuing to go up, and are considerably slowing down housing starts, has the government any plans to stop or slow down this dangerous rise or does it intend to let these rates continue to rise unchecked?

Hon. John N. Turner (Minister of Finance): Mr. Speaker, a good part of the question is hypothetical, but the government has introduced measures to increase the availability of funds in the residential mortgage market.

Mr. Hees: Mr. Speaker, I still say to the Minister of Finance that what he is doing is obviously ineffective. Is he planning to take another look at this matter and take effective steps?

Mr. Speaker: Order. The Chair indicated yesterday it would recognize certain hon. members early in the question period. The hon. member for Simcoe North.

* * *

HEALTH

SUGGESTED USE OF HEALTH RESOURCES FUND ALLOTMENTS AS INCENTIVE TO INCREASE NUMBER OF MEDICAL STUDENTS

Mr. P. B. Rynard (Simcoe North): Mr. Speaker, I should like to direct a question to the Minister of National Health and Welfare. In view of the increasing shortage of general practitioners in Canada, is the minister considering taking steps to ensure that the funds allotted by the health resources fund to medical schools are used more specifically as incentives to increase the number of medical students and are not merely used at the discretion of the board?

Hon. John C. Munro (Minister of National Health and Welfare): Mr. Speaker, the funds are not allocated at the discretion of the board. The act is quite specific about the manner in which these funds are allocated. However, I would say the idea behind the hon. member's question is certainly worthy of consideration.

* * *

NATIONAL PARKS

PROPOSED DEVELOPMENT AT KOUCHIBOUGUAC—STATUS OF NEGOTIATIONS WITH RESIDENTS—PLANS TO RESOLVE DISPUTE

Mr. R. Gordon L. Fairweather (Fundy-Royal): Mr. Speaker, I have a question for the Parliamentary Secretary to the Minister of Indian Affairs and Northern Development. Have negotiations broken down between the parks branch and the residents of Kouchibouguac where a new national park is to be located? Is the government building there still being occupied, and what are the plans of the government to resolve the dispute.

Hon. John N. Turner (Minister of Finance): I will take the question as notice on behalf of my seatmate, Mr. Speaker.

* * *

HOUSE OF COMMONS

PRESENCE IN GALLERY OF BLIND STUDENTS FROM HALIFAX

Mr. Robert McCleave (Halifax-East Hants): Mr. Speaker, before putting my question perhaps I might be permitted to draw the attention of the House to the presence in the gallery of over 40 blind students from Atlantic Canada from the Halifax School for the Blind. I do this because earlier today they used an expression I will always remember when they were in the chamber. They said they were looking in on us.

Some hon. Members: Hear, hear!

* * *

EXTERNAL AFFAIRS

INQUIRY AS TO PUBLICATION OF INFORMATION ON REPORTED STALKING OF PRESIDENT NIXON DURING OTTAWA VISIT

Mr. Robert McCleave (Halifax-East Hants): Mr. Speaker, my question is directed to the Solicitor General. Does he propose to make public any information on the reported stalking of President Nixon during his Ottawa visit?

[*Translation*]

Hon. Jean-Pierre Goyer (Solicitor General): Mr. Speaker, I have received a report from the RCMP Commissioner stating that in fact that person was in Ottawa during President Nixon's visit, that the subject arrived on April 13 and left on April 15, that he was registered at the Lord Elgin Hotel, that he was seen in front of the United States Embassy and also in front of the Peace Tower.

* * *

[*English*]

FINANCE

MORTGAGE INTEREST RATES—ACTION TO PREVENT INCREASE AND RETAIN PRESENT LEVEL UNDER NATIONAL HOUSING ACT

Mr. David Lewis (York South): Mr. Speaker, may I return to questions which were asked of the Minister of Finance. In view of the fact that the legislation announced with regard to some kind of a flow of mortgage money for housing does not necessarily guarantee a lowering of the mortgage rate, and in view of the fact that everybody expects mortgage rates to go up, would the minister be good enough to tell us whether the government is at all concerned about the increasing cost to home owners and

home renters and whether or not he will deal with the matter in some way?

Hon. John N. Turner (Minister of Finance): Mr. Speaker, the government's concern was reflected in the legislation just introduced to which the hon. member referred.

Mr. Lewis: I think the Minister of Finance ought to know better than to suggest that the legislation deals with the matter. May I ask the minister responsible for housing whether it is his intention to make certain, even though conventional mortgages in the private market may go up, that the mortgage rate under the National Housing Act through Central Mortgage and Housing Corporation will be kept at least at its present high level and will not be permitted to go up?

Hon. Ron Basford (Minister of State for Urban Affairs): Mr. Speaker, the interest rate under the National Housing Act will be set in accordance with the law passed by Parliament.

Mr. Lewis: Mr. Speaker, may I ask the minister, in view of the fact that his answer gives no assurance to anyone in the House or any home buyer or renter in the country—

Mr. Speaker: Order, please. The hon. member will appreciate that that is debate. He has sought and been granted the floor for a supplementary, not for debate.

Mr. Lewis: Will the minister make certain that the law of Parliament will be so applied that the present high level of the mortgage interest rate under the National Housing Act will not go up further?

Mr. Speaker: Order, please. That is a representation.

* * *

[*Translation*]

PENSIONS

OLD AGE SECURITY—ALLEGED INTENTION OF QUEBEC GOVERNMENT TO CLAIM PART OF RECENT INCREASE—DISCUSSION BETWEEN FEDERAL AND PROVINCIAL AUTHORITIES

Mr. Réal Caouette (Témiscamingue): Mr. Speaker, I would like to direct a question to the Minister of National Health and Welfare.

Has he been in touch with the Quebec government regarding the increase in the old age security pension of $15 a month? Recently, I told the minister that Quebec was getting ready to tamper with that increase, and the fact—

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

Mr. Caouette: Yes, Mr. Speaker, but I would like the minister to be well aware of the facts.

Has the minister been in touch with the Quebec authorities and is he well aware that this province is getting ready to use these amounts paid by the federal government?

Mr. Speaker: Order, please. The hon. member must ask a question and not make allegations. In any case, I would say that the question has now been asked and the minister could try to reply to it.

[*English*]

Hon. John C. Munro (Minister of National Health and Welfare): Mr. Speaker, the Minister of Social Affairs in Quebec has made no representations to me directly concerning old age pensions. I have read in the press certain expressions alleged to have been made by him, and that is all.

[*Translation*]

OLD AGE SECURITY—INQUIRY RESPECTING PAYMENT OF INCREASE TO PENSIONERS OR PROVINCIAL GOVERNMENTS

Mr. Réal Caouette (Témiscamingue): Mr. Speaker, I wish to ask a supplementary question.

Will these additional amounts paid in Quebec as well as everywhere else, be sent directly to the pensioners or to the provincial governments?

[*English*]

Hon. John C. Munro (Minister of National Health and Welfare): The amount is paid directly to the beneficiary.

* * *

POST OFFICE

REQUEST FOR ACTION TO IMPROVE SERVICE IN RURAL MANITOBA

Mr. Jack Murta (Lisgar): Mr. Speaker, I intended to direct a question to the Postmaster General but in his absence I will direct it to the parliamentary secretary or to an acting minister. Since postal services in the rural areas of Manitoba leave much to be desired in terms of efficiency, I should like to know whether any action has been taken on a letter I sent the department on May 5 in which I urged the government to look into rural postal services. If the government has done so, what steps is it prepared to take in order to speed up postal services to rural points in Manitoba?

Mr. Gerald Richard Cobbe (Parliamentary Secretary to Postmaster General): Mr. Speaker, without accepting the premise of the question may I say I will look into the matter. I have not been informed of the letter being received but I will check into it and report to the hon. member.

Mr. Murta: I have a supplementary, Mr. Speaker. Since it appears, at least to a great many people, that any efficiency that has been gained in city postal service has been gained at the expense of the rural areas—

• (1450)

Mr. Speaker: Order. The hon. member cannot make a statement; he can ask a question. All hon. members, I suggest, should look at the precedents and citations on the matter of questions. There are many things that cannot be

included in questions. One of them is allegations or statements of alleged fact. The hon. member should ask a supplementary question.

Mr. Murta: Since it takes between six and eight days for letters to travel 40 or 50 miles, would the minister instruct his departmental officials in Winnipeg to look into this very important matter?

Mr. Speaker: Order. That question as asked is not in order.

* * *

VETERANS AFFAIRS

POSSIBLE INCREASE IN DISABILITY PENSIONS— REQUEST FOR REFERENCE TO STANDING COMMITTEE FOR RECOMMENDATIONS

Mr. William Knowles (Norfolk-Haldimand): Mr. Speaker, I had a question for the Minister of Veterans Affairs but in his absence I will direct it to his parliamentary secretary. In view of the fact the Minister of Veterans Affairs has undertaken to consider an upward revision of the basic rate of disability pensions, would the minister undertake to refer this study to the Standing Committee on Veterans Affairs forthwith with instructions to make recommendations to the House at the earliest possible moment?

Mr. Lloyd Francis (Parliamentary Secretary to Minister of Veterans Affairs): Mr. Speaker, I will be happy to bring this question to the attention of the minister who will reply in due course.

* * *

GRAIN

USE TO BE MADE BY WHEAT BOARD OF HOPPER CARS TO BE PURCHASED BY GOVERNMENT— POSSIBILITY OF PURCHASE OF OTHER TYPES OF FREIGHT CARS

Mr. Les Benjamin (Regina-Lake Centre): Mr. Speaker, I would like to direct a question to the minister in charge of the Canadian Wheat Board. In light of the government's announcement that is going to purchase 2,000 hopper cars, is it the intention of the Wheat Board to use those cars mostly on unit trains from inland terminals or will they be used to carry grain from individual shipping points?

Hon. Otto E. Lang (Minister of Justice): Mr. Speaker, there will be no limitation upon the use which the Board, in consultation with the railroads may choose to make of these cars. I would expect them to be used more in the movement from individual shipping points than from inland terminals, but I do not exclude either.

Mr. Benjamin: Mr. Speaker, may I direct my next question to the right hon. Prime Minister. In view of the fact there is a chronic shortage of railroad equipment not only to haul grain but other commodities, and in light of the government's announcement of its intention to purchase 2,000 hopper cars, is it considering the purchase of refrigerator cars for potato movement in the Maritimes and livestock cars for the movement of livestock in western Canada in view of the inability of the railways to meet their responsibilities?

[Mr. Speaker.]

Right Hon. P. E. Trudeau (Prime Minister): Without conceding the premise of the question, Mr. Speaker, the answer is no.

* * *

REGIONAL ECONOMIC EXPANSION

REQUEST FOR COMMENT ON STATEMENT MADE BY CHAIRMAN OF BOARD OF McCAIN FOODS

Hon. Hugh John Flemming (Carleton-Charlotte): Mr. Speaker, I wish to direct a question to the Minister of Regional Economic Expansion. Is the minister able to confirm the statement made by Mr. McCain, chairman of the board of McCain Foods Limited, Florenceville, Carleton County, New Brunswick, as published in the Hartland *Observer* in its issue of May 25?

Hon. Jean Marchand (Minister of Regional Economic Expansion): Mr. Speaker, I thank the hon. member for having given me notice of the question. Unfortunately I could not find a copy of the newspaper. If I could have a copy of it maybe I could comment on it.

Mr. Flemming: Will the minister assure the House that he will make a statement if I send him a copy of the article in question?

* * *

BILINGUALISM

INQUIRY AS TO APPOINTMENT OF COUNSEL TO PRESENT GOVERNMENT'S POSITION AT HEARING OF THORSON CASE

Mr. Eldon M. Woolliams (Calgary North): Mr. Speaker, I wish to direct a question to the Minister of Justice. As it would now appear that the Thorson case, the case launched by a former judge of the Exchequer Court, is going to get a hearing in reference to the constitutionality of the Official Languages Act, is the government of Canada considering its position and will counsel be appointed on the constitutional question so that the government's position will be put forward at that hearing?

Hon. Otto E. Lang (Minister of Justice): Mr. Speaker, I will have to look at the question of whether any further move on our part is required. I should think not.

Mr. Woolliams: Since the Minister of Justice said he plans to take a look at it, will he then make a further report to the House in reference thereto?

Mr. Lang: Yes, Mr. Speaker.

NATIONAL HOLIDAYS

DETAILS OF CELEBRATION ON JULY 1

Mr. Speaker: The hon. member for Hamilton-Wentworth.

Mr. Colin D. Gibson (Hamilton-Wentworth): Thank you, Mr. Speaker, for recognition of this great national party. I have a question for the right hon. Prime Minister. Will there be special celebrations in Ottawa on July 1 to celebrate our national holiday, sometimes known as Canada Day?

Right Hon. P. E. Trudeau (Prime Minister): Yes, Mr. Speaker. I do not have the details of such celebrations, but I know that plans are well in hand to mark this day as befits such an important Canadian occasion.

* * *

[*Translation*]

HOUSE OF COMMONS

ST. JEAN-BAPTISTE DAY—REQUEST THAT HOUSE NOT SIT ON MONDAY, JUNE 26

Mr. Roch La Salle (Joliette): Mr. Speaker, I wish to put a supplementary question to the Prime Minister.

Since St. Jean-Baptiste Day falls on a Saturday this year, will the House of Commons take a holiday to celebrate that day as it does Canada Day?

* * *

[*English*]

ROYAL CANADIAN MOUNTED POLICE

CELEBRATION OF HUNDREDTH ANNIVERSARY—INQUIRY AS TO INVITATION TO QUEEN OR OTHER MEMBER OF ROYAL FAMILY TO PARTICIPATE

Mr. Les Benjamin (Regina-Lake Centre): Mr. Speaker, may I ask the right hon. Prime Minister a supplementary regarding another celebration. In view of the 100th anniversary of the RCMP can he say whether or not an invitation has been issued to the Queen or to any other member of the Royal Family to participate in these celebrations?

Mr. Speaker: Order. The hon. member has asked a supplementary and the Prime Minister, of course, will have an opportunity to reply, but I take exception to hon. members asking supplementaries which I believe they themselves suspect are not true supplementaries. We have to try to recognize members in some order. One question could always be linked with another, and we could go through 35 supplementaries during a question period. That is not a proper way to proceed, but in this case the question has been asked and as it is important the Prime Minister may reply.

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, the Solicitor General held a press conference to indicate the arrangements that would be made to celebrate appropriately the 100th anniversary of the RCMP. I might add that as head of the government I frequently receive requests from provincial governments, municipal governments and other organizations to have the Queen present in Canada. Out of respect for her health the government cannot always accede to these demands, but each one is taken into consideration.

* * *

NATIONAL DEFENCE

SUGGESTED ADJUSTMENT OF OVERSEAS ALLOWANCES OF ARMED FORCES PERSONNEL BECAUSE OF DIFFICULTIES CAUSED BY EXCHANGE RATE

Mr. J. M. Forrestall (Dartmouth-Halifax East): Mr. Speaker, I wish to direct a question to the Parliamentary Secretary to the Minister of National Defence. Is the government doing anything with respect to overseas allowances—Mr. Speaker, I see the parliamentary secretary has now gone, but I will ask my question anyway. Is the government doing anything with respect to Canadian overseas allowances for Canadian forces personnel in view of the difficulties facing many forces personnel, particularly in Germany with respect to the exchange rate between the Deutschmark and the Canadian dollar?

Hon. Jean-Eudes Dubé (Minister of Public Works): Mr. Speaker, I will be glad to bring this question to the attention of the Minister of National Defence who should be here tomorrow.

* * *

[*Translation*]

LABOUR RELATIONS

QUEBEC—LONGSHOREMEN'S STRIKE—STATUS OF NEGOTIATIONS

Mr. Gilbert Rondeau (Shefford): Mr. Speaker, my question is directed to the Minister of Labour.

Due to the fact that the longshoremen's strike has stopped every activity in Quebec harbours for several weeks now, could the minister inform us of the progress of the negotiations being carried out at present and when we can expect the end of this dispute since it is hurting trade as a whole in Quebec.

[*English*]

Hon. Martin P. O'Connell (Minister of Labour): Mr. Speaker, there are no additional facts that I can give the House at this time.

[*Translation*]

QUEBEC LONGSHOREMEN'S STRIKE—TELEGRAM FROM QUEBEC TRUCKERS ASSOCIATION—POSITION OF GOVERNMENT

Mr. Georges Valade (Sainte-Marie): Mr. Speaker, I have a supplementary for the hon. Minister of Labour.

Is he aware of a telegram sent to the right hon. Prime Minister of Canada yesterday or this morning by the Quebec Association of Teamsters, expressing concern over the situation which may jeopardize the 1,000 jobs of those involved with the trucking industry? If so, what reply does the hon. Prime Minister intend to give the

association, or what action does he intend to take to prevent such an eventuality?

[*English*]

Hon. Martin P. O'Connell (Minister of Labour): Mr. Speaker, I have not yet personally seen that telegram. I could reiterate that there is a procedure available to both parties, jointly or singly, to have this dispute between them settled. That procedure is laid out in the Labour Code and is provided for in the collective agreement which was signed six or eight weeks ago.

QUEBEC—LONGSHOREMEN'S STRIKE—POLICY RESPECTING PREVENTIVE MEDIATION—SUGGESTED INTERVENTION BY MINISTER

Mr. Lincoln M. Alexander (Hamilton West): Mr. Speaker, I wish to direct a supplementary question to the minister. In view of the fact that the situation is reaching chronic proportions, in view of the fact that the public interest is now being adversely affected, and in view of the fact that the minister's predecessor started preventive mediation, is this still the present minister's policy, and can he assure the House that in view of the catastrophic disturbance now going on he will attend on the parties personally and use his personal influence in order to get these people back to the bargaining table?

• (1500)

Hon. Martin P. O'Connell (Minister of Labour): Mr. Speaker, I want to assure hon. members that it is our intention to continue and to reinforce and expand preventive mediation. I might point out that it was that very process which brought this model agreement into being which is now in such jeopardy. I want to reiterate that the procedure is there to be used, and that the two parties should make use of it. Mediation at this point simply takes them off the hook for failing to use the procedures they both agreed to use.

Mr. Alexander: In view of the fact that the minister does not believe that the public interest is being adversely affected yet—

Mr. Speaker: Order, please. The hon. member knows that he cannot make that kind of statement. He was recognized again for the purpose of asking a supplementary question, but it seems to me that the preliminary statement is debate. I suggest to the hon. member that this is not procedurally correct. He can ask a supplementary question, of course.

Mr. Alexander: I accept your admonition, Mr. Speaker. May I ask the Minister of Labour whether he is in receipt of a telegram from the employers dated around May 15 seeking arbitration and also seeking permission to prosecute under the law for violation of the terms of the agreement? If so, what has he done about it?

Mr. O'Connell: Mr. Speaker, I did receive such a telegram but to the best of my memory it did not seek arbitration. Arbitration can be sought without asking the minister to provide it. The procedures are already there and both parties can agree to it. Arbitrators are designated in the agreement, they are available and they ought to be used. With respect to the second question on consent to prosecute, we have looked into that and declined because procedures are available other than prosecution which would not do the job.

[*Translation*]

QUEBEC—LONGSHOREMEN'S STRIKE—TELEGRAM FROM QUEBEC TRUCKERS ASSOCIATION—POSITION OF GOVERNMENT

Mr. Georges Valade (Sainte-Marie): Mr. Speaker, I have a supplementary.

For further clarification, I should like to ask the right hon. Prime Minister whether he did in fact receive a telegram from the Quebec Association of Teamsters this morning or yesterday, and whether he has communicated the contents to the Minister of Labour and the Minister of Manpower and Immigration.

Right Hon. P. E. Trudeau (Prime Minister): Yes, Mr. Speaker, I did receive such a telegram, signed by . . . I do not have the text in hand but I remember receiving a telegram and in the normal course of events the text will be forwarded to the minister, if this has not already been done.

Mr. Speaker: Order, please. I will allow the hon. member for Sainte-Marie to ask a last supplementary question for very soon we shall be running short of time, unless we let other hon. members ask their questions.

Mr. Valade: I thank you, Mr. Speaker. I want to ask a question—

[*English*]

Mr. O'Connell: On a point of order, Mr. Speaker.

[*Translation*]

Mr. Speaker: Order, please. I am sorry to interrupt the hon. member, but I think that the minister is rising on a point of order. I shall recognize the hon. member for Sainte-Marie as soon as the minister has explained why he is rising on a point of order.

[*English*]

The hon. minister rises on a point of order.

Mr. O'Connell: Mr. Speaker, I have found that telegram and I will give it the urgent consideration to which it is entitled.

An hon. Member: Where was it?

[*Translation*]

Mr. Valade: Mr. Speaker, in view of the minister's answer, could he not be more consistent with himself and tell us what will be the contents and nature of the answer he intends to give—

Mr. Speaker: Order, please. The question put in these terms is not acceptable.

[*English*]

FLOODS

POTENTIAL DANGER IN FRASER RIVER VALLEY—GOVERNMENT ACTION

Mr. Barry Mather (Surrey-White Rock): Mr. Speaker, I have a question to direct to the attention of the Minister of the Environment regarding press reports which appeared today on the rising flood potential in several British Columbia river areas. I have particular reference to the situation in the Fraser River Valley. Can the minister say what preventive steps are being taken at senior government level? I understand the river gauge at Mission rose by one foot in the past 24 hours.

Hon. Jack Davis (Minister of the Environment): Mr. Speaker, as I understand it, the situation is that while water levels are indeed high, they are not exceptionally high for this time of year. There is also a cooling trend which could moderate the flood threat. The hon. member asks what levels of government are in close contact. Our water management service is in hourly contact with the provincial department of water, lands and resources.

* * *

VETERANS AFFAIRS

ALLEGED PROMISE TO REFER PENSION RATES TO COMMITTEE—REQUEST FOR ACTION

Mr. Jack Marshall (Humber-St. George's-St. Barbe): Mr. Speaker, I should like to direct a question to the Parliamentary Secretary to the Minister of Veterans Affairs supplementary to the one asked by the hon. member for Norfolk-Haldimand. In view of the fact that the minister made a commitment in the House on May 5 that the whole question of basic rates of pension would be referred to the Standing Committee on Veterans Affairs, and in view of the fact that the Dominion Command convention passed a priority resolution to this effect, would he remind the minister to take action to have this matter referred to the Standing Committee on Veterans Affairs before the end of this session?

Mr. Speaker: Order, please. I am not sure whether that is a representation, a suggestion or a reminder. I would think the hon. member's representation must be deemed to have been noted. The hon. member for Meadow Lake.

* * *

INDUSTRY

SALT—POSSIBLE PURCHASES FROM UNITED STATES BY PFRA—ACTION TO ENSURE CONTRACTS FOR CANADIAN COMPANIES

Mr. A. C. Cadieu (Meadow Lake): Mr. Speaker, I would like to direct a question to the Minister of Regional Economic Expansion. Is the minister aware of the intention of the PFRA division to purchase salt from an American company in North Dakota, U.S.A. and, if so, is he going to take any action to rectify this situation so that Canadian salt producers can receive such valuable contracts?

Inquiries of the Ministry

Hon. Jean Marchand (Minister of Regional Economic Expansion): Mr. Speaker, I will inquire and make a report to the hon. gentleman.

Mr. Cadieu: In light of this recent situation, is the government going to review its purchasing policies generally and make a statement to the House on where potential Canadian suppliers stand?

Mr. Marchand (Langelier): Mr. Speaker, I think I will answer this question after I have made an inquiry about the first one.

* * *

FISHERIES

LOBSTER—REQUEST FROM FISHERMEN IN DISTRICT NO. 4 FOR EXTENSION OF SEASON

Mr. Lloyd R. Crouse (South Shore): Mr. Speaker, my question is directed to the Minister of Fisheries. In view of the low lobster catches in district No. 4 and the heavy investment of fishermen in that area in boats and equipment, has the minister given any consideration to requests forwarded to him by the fishermen to extend the season which closed on May 31 to a later date in the month of June?

Hon. Jack Davis (Minister of Fisheries): Mr. Speaker, we are certainly giving serious consideration to that submission, but I cannot personally guarantee at this moment that the season will be extended.

ATLANTIC SALMON FISHERY CLOSURE—REQUEST FOR TABLING OF CORRESPONDENCE WITH DENMARK

Mr. John Lundrigan (Gander-Twillingate): Mr. Speaker, I also have a question for the Minister of Fisheries. On May 26 the minister indicated his willingness to make available to members the correspondence with Denmark on the Atlantic salmon issue. Can he now tell the House specifically when he will table that correspondence?

Hon. Jack Davis (Minister of Fisheries): As soon as possible, Mr. Speaker. I thought it had already been made available to the hon. member, but I will check it out.

* * *

PUBLIC SERVICE

REFERENCE TO MERIT PRINCIPLE IN ANNUAL REPORT OF COMMISSION—REQUEST FOR TABLING OF CERTAIN CORRESPONDENCE

Mr. David Orlikow (Winnipeg North): Mr. Speaker, I have a question for the Prime Minister. In light of his statement today and the reference to a committee of the annual report of the Public Service Commission with its comments on the merit principle in employment, would the Prime Minister agree to table the correspondence between the Minister of Finance and the Chairman of the Public Service Commission that deals with this question?

Inquiries of the Ministry

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I am not aware of the correspondence to which the hon. member refers. Perhaps he could let me know what he is referring to and I could consider the question.

Mr. Orlikow: May I ask the Prime Minister whether he will discuss the matter with his colleague? That would be much easier.

* * *

EXTERNAL AFFAIRS

WORLD HEALTH ORGANIZATION—CANADIAN VOTE ON APPLICATION OF GERMAN DEMOCRATIC REPUBLIC FOR ADMISSION

Mr. Heath Macquarrie (Hillsborough): Mr. Speaker, I should like to ask the Acting Secretary of State for External Affairs if he could advise how the Canadian delegation to the World Health Organization voted on the application for admission from the German Democratic Republic, and could he indicate the reason or reasons for the stand taken?

[*Translation*]

Mr. Gaston Isabelle (Parliamentary Secretary to Secretary of State for External Affairs): Mr. Speaker, I take note of the question.

* * *

[*English*]

CRIMINAL CODE

ALLEGED DEVELOPMENT OF SUITABLE BREATH CONTAINER FOR INDEPENDENT TESTING—POSSIBLE PROCLAMATION OF ALL BREATHALYZER SECTIONS

Mr. S. Perry Ryan (Spadina): Mr. Speaker, my question is for the Minister of Justice. As a breath sample container for independent testing of suspected impaired drivers is now on the market, will the government be proclaiming the unproclaimed parts of the breathalyzer law and, if so, when?

Hon. Otto E. Lang (Minister of Justice): Mr. Speaker, I have seen the news report to which I am sure the hon. member is referring. There is work going on as a result of the department's interest in a breath container, and several possible containers are being examined. There have been some optimistic forecasts about this equipment being available. It is our intention, as soon as the equipment is available in a way which is practical and workable, to proclaim the section.

* * *

[*Translation*]

AGRICULTURE

SUBSIDY PAYMENTS TO PORK PRODUCERS—TIME LIMIT FOR APPLICATIONS

Mr. Adrien Lambert (Bellechasse): Mr. Speaker, my question is for the Minister of Agriculture.

[Mr. Orlikow.]

Following the statement made yesterday concerning deficiency payments to hog producers, may I ask the Minister of Agriculture whether a time limit has been set so that producers who have sold their hogs at public auctions may receive this grant?

• (1510)

[*English*]

Hon. H. A. Olson (Minister of Agriculture): Mr. Speaker, if the hon. member is talking about the receipt of applications by the Stabilization Board, may I say we certainly would like to have them as quickly as possible and in fact encouraged them to be submitted by a date several weeks ago. If he is talking about the processing of the applications after they have been received, we cannot give a set date because we must audit those applications against the receipts by plants and auction markets, and I cannot predict how long that will take.

[*Translation*]

Mr. Lambert (Bellechasse): Mr. Speaker, I rise on a supplementary.

Would the Minister of Agriculture indicate whether producers must forward their applications in a specific period of time, because his statement could prompt many producers to apply. So, are they going to be considered late—

Mr. Speaker: Order. The hon. member has asked his question, and there are only a few minutes left before the end of the oral questions period.

[*English*]

Mr. Olson: Mr. Speaker, we take the position that those applications should be in now, but the more precise answer is no, there has not been an official cut-off date for receipt of applications.

* * *

DOMINION DAY

ALLEGED INTENTION TO CHANGE TO CANADA DAY—NUMBER OF LETTERS PRO AND CON

Mr. Lincoln M. Alexander (Hamilton West): Mr. Speaker, may I direct a question to the Prime Minister regarding the government's intention to change Dominion Day to Canada Day. I wonder, for the edification of the people, if the Prime Minister can indicate how many letters he has received pro and con? If he does not have that information, would he make inquiries?

Mr. Speaker: Order, please. The hon. member is obviously asking for statistical information. The question ought to be placed on the order paper. If the matter is urgent, it can be raised at the time of adjournment.

Mr. Alexander: On a point of order, Mr. Speaker, it appears to me there is a sense of urgency about this matter in view of a question that was asked this afternoon and the statement made by the Prime Minister earlier. I believe that the Prime Minister could give some indication whether—

Mr. Speaker: Order, please. That is hardly a point of order. The hon. member is questioning the judgment of the Chair. I suggest that the hon. member's question should be placed on the order paper.

Mr. Trudeau: Ask the question some other way.

* * *

[*Translation*]

HOUSE OF COMMONS

ST. JEAN-BAPTISTE DAY—REQUEST THAT HOUSE NOT SIT ON MONDAY, JUNE 26

Mr. Roch La Salle (Joliette): Mr. Speaker, may I ask the President of the Privy Council whether in the timetable of the business of the House, June 26 could not be considered a holiday to celebrate one of the two founding nations of Canada?

[*English*]

Mr. Speaker: Orders of the day.

* * *

BUSINESS OF THE HOUSE

WEEKLY STATEMENT

Mr. McCutcheon: On a point of order, Mr. Speaker, I wonder if I might ask the government House leader what the business of the House will be tomorrow, and how far into the future a look into his crystal ball takes him as to the business for next week?

Mr. MacEachen: Mr. Speaker, tomorrow is another opposition day. Next week, Tuesday, Thursday and Friday will be opposition days. On Monday, we will resume the adjourned debate on the foreign takeover legislation, to be followed by the Wheat Board Act, the financial mechanisms legislation and the representation commissioner legislation. On Wednesday, we will begin with the election expenses bill and complete the uncompleted business of Monday.

[*Translation*]

Mr. Fortin: I rise on a point of order, Mr. Speaker.

Mr. Speaker: The hon. member for Lotbinière on a point of order.

Mr. Fortin: Mr. Speaker, this point of order could perhaps take the form of a question to the President of the Privy Council on the statement he has just made.

Yesterday, agreement seemed to have been reached on the opposition day reserved for the Social Credit, namely next Thursday, but the minister has just said that the scheduled three days of opposition would be Tuesday, Wednesday and Friday. Am I wrong, and if yes, will someone correct me?

Mr. Speaker: I suggest there be consultations between the hon. member and the parliamentary leader of the government.

[*English*]

I see the hon. member for Winnipeg North Centre rising on his own point of order.

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, perhaps you will permit me to rise on a point of order in a way which may clear matters. There has been agreement among the opposition parties that Tuesday will be allotted to the Progressive Conservatives, Thursday to the Créditiste party and Friday to the New Democratic Party.

Some hon. Members: Agreed.

Mr. Speaker: Orders of the day.

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, I rise on a further point of order. I think Your Honour will find that there has been agreement among the four parties of this House to fix certain time limits on the speeches in today's debate. Since there is great interest in this debate and since so many speakers want to take part, we propose, on behalf of the four parties in this House, that the lead-off spokesman of each party shall be governed by Standing Order 58(13). This will provide 30 minutes for the mover and 30 minutes for the government spokesman, and 20 minutes each for the other two principal spokesmen. We propose, however, that all other speeches be limited to 15 minutes and that no one is to be granted overtime.

Mr. Speaker: The suggestion made by the hon. member requires the unanimous consent of the House. Is this agreed?

Some hon. Members: Agreed.

Mr. Speaker: It is so ordered.

[*Translation*]

Does the House agree on the proposal made by the hon. member for Winnipeg North Centre?

Some hon. Members: Agreed.

[*English*]

GOVERNMENT ORDERS

BUSINESS OF SUPPLY

ALLOTTED DAY S.O. 58—NON-CONFIDENCE MOTION—ALLEGED FAILURE OF GOVERNMENT TO COPE WITH INCREASING FOOD PRICES—NEED FOR COMMITTEE INVESTIGATION

Mrs. Grace MacInnis (Vancouver-Kingsway) moved:

That, in the opinion of this House the government has failed to cope with the problem of steadily rising food prices, which seriously affect Canadian living standards, or with the fact that supermarket profits have increased simultaneously at an unprecedented rate, and because these matters are of nation-wide concern they should be referred immediately to a Special Committee of this House for investigation and report by June 26, 1972.

She said: Mr. Speaker, 100 years ago Abraham Lincoln, the great liberator declared that the legitimate object of

government is to do for a community of people whatever they need to have done but cannot do for themselves. At that time, the community's need was for roads, railways, the links of trade and commerce and for the productive machinery of the country. And, the government provided these things, or saw that they were provided by offering incentives and assistance to those who could provide them. Today, our Canadian community of people needs new forms of help, and it is about one of these that our motion today is concerned.

During the second World War, the leaders of the western world promulgated the Atlantic Charter. There was much interest in that charter. It refers to the four freedoms, the freedom of speech, the freedom of religion, the freedom from hunger and the freedom from fear. At that time we were somewhat complacent about freedom from hunger and freedom from fear. Particularly, freedom from hunger was far from our minds. We thought it concerned only those countries on the other side of the world which were undeveloped and not experiencing the benefits of the most abundant economy imaginable. Expressing this positively, let me say that the right to enough good food, which is necessary for proper health and energy, is a right which thousands and thousands of our Canadian people are still denied. So, they are denied the third freedom, the freedom from hunger, in the sense that they cannot afford a diet which will bring about proper health and energy. This freedom has still to be won for thousands of people in our country.

The government has now embarked on a survey of nutrition across Canada. That is an excellent idea. May I point out that the survey will not be completed until near the end of this year and will not be available until some time in 1973. I predict that the findings of this survey, when published, will be very similar to the findings of a similar, American survey. In this connection may I quote from the White House conference on Food, Nutrition and Health, Summary Report of January, 1971:

> One of the basic causes of malnutrition and hunger in the United States is poverty. Millions of Americans of all ages and in all parts of the nation simply do not have enough money to buy what they need in order to live healthy, productive lives.

• (1520)

If you doubt whether that also applies to Canada on the scale which Canada bears to the United States, let me remind you of the 1970 submission to the Senate Committee on Poverty by the Quebec Corporation of Professional Workers which found infant mortality in the poverty stricken areas of Montreal 35.1 per 1,000, twice that of other areas. It found one third of grade one poor children undernourished and one half suffering from emotional problems. It found three times as many of them with intelligence quotients under 80. Low intelligence, as explained in another 1970 report, can be accounted for by undernourishment. A child who is undernourished in his first months of life or whose mother is undernourished during pregnancy has less than the normal rate of cell division and ends up with fewer brain cells.

As the Castonguay report of 1970 put it, and I quote:

> A great lack of food during the first 18 months of a child's life prevents a normal cerebral development.

[Mrs. MacInnis.]

That, Mr. Speaker, means for life. Montreal is the largest city in Canada. The second largest is Toronto. A study in 1969-70 by Dr. Ursula Anderson of the Hospital for Sick Children disclosed that children in the poorest areas of Toronto were three times more likely to die in infancy than those in the richest areas. Vancouver is the third largest city in Canada. Last August the Vancouver *Sun* ran a series of articles on the welfare system in British Columbia. A reporter asked one mother and I quote:

> How do you make do with four growing boys and a welfare cheque of $257 a month?

She replied:

> Towards the end of the month we cut down on food. We eat mostly soup and potatoes—we eat a lot of potatoes. We eat meat—oh, sometimes once a week. It is hard to make the food budget stretch—especially when you have boys.

Her boys were aged 10, 13, 15 and 16. What that kind of diet will do to their health in future years does not bear thinking about. When we consider that the farmers of this country are today getting less than half of the consumer dollar for food, we begin to realize that there are forces at work, forces that would not have been at work in the old days when farmers grew the food and sold it directly to the stores. Nor are people in dire poverty and on social assistance the only ones to suffer now. Large sections of elderly people on low fixed incomes and handicapped people like the blind, thousands of ordinary families from the Atlantic to the Pacific, simply cannot stretch their budgets to provide enough good food for health and energy. The job is getting harder and harder.

The government recognized that budgets were not enough for a decent life when, in their own budget this year, they provided some stretching for the old age pensioners and full time students. They then went on with a separate measure to assist in some way the veterans of this country. They knew perfectly well that many people's budgets will not stretch to provide a proper standard of living in this country. They knew that when they gave those tiny bits of relief in the tax bill last fall. But they are not prepared to come to grips with what is really going on in the undermining of the food and living standards of the Canadian homes across this country.

Economists generally agree that prices should not rise more than 2 per cent a year in order to have relatively stable prices. However, from February, 1971 to February, 1972, they rose almost two and one half times that desirable figure. Food prices rose by nearly 7.5 per cent from April, 1971 to April 1972, more than twice as much as the cost of living generally. Why is that important? It is important because food is the rock-bottom element in the living standard for people.

When we realize that people do not have enough to buy the proper food they need for health, nourishment and proper nutrition, we see that there is something very rotten, not in the state of Denmark in this instance, but in Canada. This steady and stealthy advance in food costs represents a direct assault on the living standards of the Canadian people. We are not doing a thing about it in this House. I am not crying about the rising cost of caviar, pickled snails or truffles. People who like these things are well able to take care of them in their budgets. People who ordinarily buy these things have the money to cover

their rising costs. What I am assailing is the attitude of comfortable, well-fed people in authority who simply do not realize what so many Canadian families are going through and could not care less.

Some hon. Members: Hear, hear!

An hon. Member: What about the cake?

Mrs. MacInnis: I will get to the cake in a minute. On how many days in this House has the government introduced discussions on the Canadian family, the conditions of living for future Canadian citizens and how Canadians are getting on with regard to food, clothing, rent and other such things? In this day and age, such problems should be central to our work in the House of Commons. The wellbeing of the Canadian family ought to be the central core of the planning of this government, if indeed it is prepared to do any planning at all. We remember the story of Marie Antoinette. When she was told the people had no bread to eat, she said "Let them eat cake." People in authority now are saying, when told about people who cannot afford steak, "Let them eat hamburger." But what happens when the price of hamburger goes up as well as all the other precious proteins which are essential for body building? When food prices rise, as they have in recent months, they rise most rapidly and to the greatest heights for items such as meat, fish and fresh produce, that is, fruit and vegetables. These are the proteins, minerals, vitamins and body building foods. If they are neglected in early childhood, and during the critical periods of life, such as illness, people can never really fully recover from what has happened to them.

To quote Canada's official food rules at this point is to rub salt in wounds that are deep and sore. The food rules of Canada are in this very colourful chart which has been widely published. This is a good thing. These foods are good to eat. They should be eaten for the three meals every day for good health. It states the quantity of milk children should have each day, as well as adolescents, adults and expectant and nursing mothers. However, as one authority in Quebec said a few years ago, what is the use of telling an expectant mother how much milk she needs to provide calcium in her bones and teeth while carrying the child when she does not have enough milk for the children already here? Such a mother will give that milk to the children who are already living and take her chances on the future.

Two servings of fruit or juice make a satisfactory source of vitamin C, ascorbic acid, such as oranges, apples, vitaminized apple or tomato juice. I have seen mothers look at fresh produce, wonder which is the cheapest and how they can make a little orange juice stretch, sometimes reconstituted orange juice or orange drink, hoping there are some vitamins in it. They cannot afford the real thing. These people have to rely on the staff of life, bread, with some vegetables and cereals. When you see people in the poorer districts of town walking around grossly overweight, you know why. In most cases it is a combination of not enough of the protein foods and proper foods. They have to depend on the fattening foods. On top of that is the frustration and misery that sends them nibbling on whatever they can get to try and still the pangs of frustration as well as the pangs of appetite. Telling the Canadian people they should have meat and fish and fresh produce when they cannot possibly afford them is simply adding insult to injury and rubbing salt into wounds that are already very deep and very sore.

• (1530)

What hurts and angers people at this point is to learn that at this time, when the protective foods have been going up in price so steadily and so stealthily, at this very time the profits of the chain stores, the supermarkets, have been going up. When they learn and read in the papers, for it is no secret, that in the first quarter of this year the profits of Safeway went up by 40 per cent, those of George Weston by nearly 50 per cent, and those of Dominion Stores by 300 per cent—yes, 300 per cent, Mr. Speaker—they feel they are being betrayed not only by the supermarkets and the chains but by this government which has allowed that to happen without lifting a finger to help them.

An hon. Member: The Department of Consumer Affairs.

Mrs. MacInnis: The minister is evidently not sufficiently interested to be here. Under this government it has become fashionable to draw red herrings across the trail when such delicate matters as supermarket profits are mentioned. I suggest to the Minister of the Environment (Mr. Davis) that this is one species of fish we need have no worry about conserving. The supply of red herrings is abundant and they are being used with great frequency. Someone says the supply of suckers, too. Yes, but the suckers are beginning to learn.

For example, the other evening when I was urging an investigation into supermarket prices, the Parliamentary Secretary to the Prime Minister (Mr. Danson) drew quite a few of these red herrings across the trail for my benefit. Very delicately and courteously he drew them across, and I noticed these red herrings as they passed by slowly. First, he told me that there had been no violations of the Combines Investigation Act on the part of the supermarkets. He added that if I had proof of any such violations, or a deep suspicion that any were taking place, the Combines people would be pleased to hear about them. Now, Mr. Speaker, what is the use of a Combines Investigation Act if it is not to investigate? Instead, it would seem, the investigation is being left to others, though Heaven knows what those administering the Act would do with such evidence once it was to hand. I believe it is the duty of those administering the Combines Investigation Act to investigate situations of the kind my hon. friends and I have been bringing to their notice. Administration of the Combines Investigation Act is the responsibility of the Department of Consumer and Corporate Affairs, and if the department is not prepared to protect the living standards of consumers, what is the use of it? What is the use of concentrating on such things as packaging, labelling, and minor annoyances though I will, of course, give the minister credit for what he is doing in this direction. What is worrying consumers is that they are being gouged more and more deeply for the food they have to buy. This is what the department and those responsible for the

administration of the Combines Investigation Act should be looking into.

The parliamentary secretary then told me that because of the price war among the supermarkets last fall, prices had fallen so low that the supermarkets had only just been able to raise their heads again and show the sort of profits I have mentioned. He did not deal with the prediction by the President of George Weston that 1972 was going to be the best year ever in sales and profits. So, if they are going on to even greater heights, maybe the parliamentary secretary will discover some profits he will consider to be not in line. He said he had no objection to profits as long as they were in line. In line with what? That is what I should like to ask him.

From the standpoint of the consumer, these supermarket wars are phoney wars. They result only in being wars between competing great powers in the marketplace. The consumer is on the battlefield and the casualties on that battlefield are becoming increasingly numerous and severe, as the government sits idly by and refuses to inquire into the reason for them.

I referred the other day to a study recently made by an associate professor in the political science department at Simon Fraser University, Gary Rush, together with some students. In this study they found that a few major food chains, including those whose profit figures I referred to earlier, control the whole grocery selling business and often control a product from farm to store shelves. They are in the agro business just as they are in the business of selling groceries. They are in the business of mulcting the farmer just as they are in the business of cheating the consumer out of the value of his dollar. They have become masters in covering up their real price structure behind a façade of what appears to be competitive pricing. With the market controlled by a few giant chains, the few independent chains are so intimidated that it is not considered in their interests to risk profits at the expense of ensuring real competition. A few great food chains have the consumer by the throat and the phoney wars are carried on to decide which should survive among the chains. But they are all warring against the consumer.

Lest the government be inclined to dismiss the study carried out at Simon Fraser as arrant academic nonsense, I wish to refer to another report. In 1966, a Joint Committee of the Senate and the House of Commons was established to examine credit buying. Later in its work the Committee addressed its attention to prices and the cost of living. At that stage of the proceedings I happened to be a member of the committee. On April 25, 1967, after months of hearings and deliberations—this was before the government became shy of witnesses appearing before committees as it is today—the committee tabled its report on prices and the cost of living. One of the concluding sections read in this fashion:

> Your Committee uncovered specific evidence of great concentration of market power. It came to public attention as a result of questions by your Committee and disclosed more particularly the so-called Weston Empire.
>
> This disclosure was an astonishing revelation and the enormity of the Weston complex surprised even the sophisticated. The far-reaching implications will take some time to assess. The Weston Empire reveals for the first time vast holdings and control over food and other related aspects of the economy which will need further investigation to reveal all the implications and to do this, more specific information will of course be required.
>
> The detergents and soap industry, it appears from the evidence, is controlled by three giants which among them have between 85 and 90 per cent of the total business.

We all know their names—Lever Brothers, Colgate-Palmolive and Proctor and Gamble.

> The five great corporate food chains and the voluntary chains control more than 75 per cent of the grocery business in urban areas and their percentage is increasing.
>
> In one part of the food processing industry, one firm controls 100 per cent of the market in the Maritimes and Western Canada—

Incidentally, the cost of living is up by 9 per cent in the Maritimes, now, as compared with the cost of living in Winnipeg, and that may have something to do with it. To return to the committee's report:

> —one firm controls 100 per cent of the market in the Maritimes and Western Canada and at least 80 per cent of the market in Ontario and Quebec.

• (1540)

> The domination of a few large corporations in some sectors of the Canadian economy is clearly evident and gives rise to the question, "Is this in the public interest?" Your Committee feels that the implications of this question must be fully examined.
>
> In view of this, your Committee recommends that a thorough assessment should be made of the organization of the food industry with the object of publicizing any monopolistic tendencies which may exist, of determining whether the market power of any group or groups is sufficient to impair the workings of a competitive market and whether there are any undue barriers to entry.

The recommendation is:

> That the Joint Committee on Consumer Credit (Prices) continue with its investigation of concentration in the food industry.

The date of this report is April 25, 1967. We are now five years further along toward monopoly. In addition to all these other chains which are referred to, the giants have emerged even larger than before, with wider and wider extensions. No longer are they merely concerned with food and allied businesses. They stretch their long octopus tentacles into every sector of Canadian business today, everywhere that the consumer goes to draw sustenance and support, to obtain nourishment or to buy clothing and other needs for living. The farmer is as much a victim as the city consumer. People living in the rural districts are also under the dominance and power of the chain stores.

In light of this sort of evidence which is five years updated, the New Democratic Party is moving this motion today. However, may I go back for a moment to this study at Simon Fraser, the little "Grocery Store Storybook", as it is called. Talking about the major food chains the study says:

> The price structure, the most vital element to the customer, is professionally hidden in a façade of competitive pricing. The major food chains cover up the real nature of their operations through fanfare marketing aimed at brainwashing the consumer into believing that products are priced competitively—
>
> Rather than price-takers, these corporate giants are price-makers, with each chain acting to maintain artificial prices. Except for minor differences (such as the "loss leader" items deliberately priced low to attract customers), prices on similar items do not vary much from one major chain to another. The result is a market that operates in the grip of the chains. Although very real

and basic, the industry works hard at keeping this aspect of its merchandising from the public.

The time has come when this aspect of chain store control should no longer be kept from the public. This government should make up its mind once and for all on which side of the fence it is. Is it on the side of the 95 corporations that have so far been trying to keep it in office? Or is it going henceforth to be on the side of the people who for five years have been pleading with the government to launch an investigation into the operations of food chains, with the hold that they have on food prices and on the lives of people across this country?

This is one of the major problems with which the government should be grappling, and it must launch such an investigation if it is to show any concern at all for families, elderly people, people who are sick as well as ordinary people on low and moderate incomes in this country. It is for this reason that we move this want of confidence motion today, at a time when it is still not too late for the government to act. Let me tell the government that if it is at all interested in coming back in any strength after the forthcoming election, and before it has managed to alienate the consumer who is still so completely influenced by chain store brainwashing, it had better pay heed to what we request in the following motion:

That, in the opinion of this House, the government has failed to cope with the problem of steadily rising food prices, which seriously affect Canadian living standards, or with the fact that supermarket profits have increased simultaneously at an unprecedented rate, and because these matters are of nation-wide concern they should be referred immediately to a Special Committee of this House for investigation and report by June 26, 1972.

My colleagues will follow up with other aspects of this control over our lives on the part of the supermarkets, but in closing may I make one final plea on behalf of those people of this country who are so defenceless, those who feel they are up against a faceless government that does not care and will do nothing to help them in their great need. I urge the government, if for no reason other than to show that they do have some humanity, to do what we request and send this question to a special committee that will hear witnesses, so that there can be full disclosure of the facts before Parliament adjourns.

Mr. James A. McGrath (St. John's East): Mr. Speaker, we have no difficulty supporting the motion before the House, though we do have some difficulty trying to reconcile the method employed by the hon. member to give effect to her motion. I shall have more to say about that later on.

I should like to express my concern at the outset at the absence from the House of the Minister of Consumer and Corporate Affairs (Mr. Andras) and his Parliamentary Secretary. The minister was here during the course of the oral question period, and I assume that it must be business of a most urgent nature to cause him to be absent from the House during this debate, the subject matter of which goes right to the root of the minister's portfolio.

Mr. Dinsdale: There is nothing more urgent that this.

Mr. McGrath: As my hon. friend has just said, we can imagine nothing more urgent that the subject matter of the motion that is now before the House. Having commented that the minister is absent and that he probably has an excuse for his absence, one wonders where his parliamentary secretary is since he, too, is absent today. Surely, his function should be to represent the minister in a debate of this nature if, in the course of pursuing his responsibilities, the minister himself must be absent.

I notice too that the former Minister of Consumer and Corporate Affairs, now Minister of State for Urban Affairs (Mr. Basford), is also absent. I find this difficult to understand since I know of his great and continuing interest in the consumer and the subject before the House today. I understand that the Minister of State who speaks on financial matters will be replying on behalf of the government, so we shall listen to what he has to say with a great deal of interest. I do hope that the absence today from the debate of the Minister of Consumer and Corporate Affairs has nothing to do with his new responsibility as co-chairman of the national Liberal campaign. One wonders just exactly where the interest of the present minister lies, whether in the cause of the consumer and the responsibilities that he has as Minister of Consumer and Corporate Affairs, or whether in attending to the national campaign responsibilities of the Liberal party. We hope that the minister will honour us with his presence today and, perhaps will condescend to make a contribution to the debate on a matter that is of great concern to Canadians in all parts of the country.

• (1550)

The hon. member who introduced the motion referred to the report of the joint Committee of the House of Commons and the Senate which was set up in 1966 and made its report in 1967. I am sure other hon. members will have more to say about that, but I think it is important to note that it was as a consequence of the report of that joint committee the Department of Consumer and Corporate Affairs came into existence and some of the consumer legislation we now have on the books materialized. Reference has also been made to the report of the Batten royal commission on the cost of food in the three prairie provinces. This royal commission also took a considerable amount of time to arrive at its conclusions and recommendations. I think it took almost two years to conduct its study of food prices in the three prairie provinces.

It is in this regard that we have some difficulty with the motion now before the House, the spirit of which we are in total agreement. It calls for setting up a special committee of the House of Commons to examine into and report by June 26 upon the subject of increased food prices and increases in supermarket profits. Assuming this motion were to be accepted and the government agreed to set up such a committee of the House, the provisions of Standing Order 42(1) would have to come into effect, which would mean another delay of 48 hours or two full sitting days. Even at that, the motion would be a debatable one, so presumably there would be a full day's debate before setting up the committee. This would not leave much more than two weeks for the committee to examine into the whole subject of increases in the cost of food and an alleged corresponding increase in supermarket profits.

If this motion were accepted by the House, during those two weeks this special committee would have to hear witnesses from all across the country, because this prob-

lem is national in scope. Consequently, we find it a little difficult to understand how the hon. member hopes to achieve all this in the space of two weeks. We feel the matter is an important one, and that a case has been made for such a study. The hon. member has made a case quite well, and recent statistics underline the need for such a study. However, could this House, through the vehicle of a special committee, do justice to that kind of study in just two short weeks?

The motion before the House is two-pronged. On the one hand, we have the subject of increased food prices and, on the other, we have the subject of substantial increases in supermarket profits. I suggest that both subjects could be dealt with separately. Indeed, perhaps a case could be made for dealing with them in that way. There is no doubt about the fact that increases in supermarket profits represent a contributing factor, probably a substantial one, to the increase in the cost of food in Canada, but this is only one factor, although perhaps a substantial one. I believe there are other factors equally important which contribute to the increase in the cost of food in Canada, which is taking such a toll and exerting such hardship on Canadians, especially those in the lower and middle income groups.

One of these factors which contributes substantially to the cost of food is the over-all cost of distribution. Connected very closely with the cost of distribution is the cost of transportation. When we think in terms of transportation we immediately begin to think in terms of Canadians who live furthest from the major producing and manufacturing centres of Canada. In other words, we think of the people who live in the extremities of our country, and the people who come under programs administered by the Minister of Regional Economic Expansion (Mr. Marchand), whom I am very pleased to see in the House today for this debate.

I submit this is one of the major factors, and to substantiate that it might be worthwhile putting on the record the statistics referred to in a brief way by the hon. member for Vancouver-Kingsway (Mrs. MacInnis). Taking the comparison of food retail prices, using Winnipeg prices in May, 1971 as the comparison point, we find that as of May, 1972, St. John's, Newfoundland had an increase of 9 per cent; Charlottetown, an increase of 9 per cent; Halifax, Nova Scotia, an increase of 3 per cent and Saint John, New Brunswick, an increase of 5 per cent. We are now getting closer to the major producing and manufacturing points in the country and find that the rate goes down accordingly. In Montreal, there was a decrease of 1 per cent; in Ottawa, an increase of 1 per cent, in Toronto a decrease of 1 per cent; in Regina, Saskatchewan, an increase of 4 per cent and in Edmonton, Alberta, an increase of 3 per cent. As we go further west, the increases rise. When we get to the city of Vancouver we find an increase of 7 per cent. Here again we are using figures based on Winnipeg, Manitoba prices for May, 1971.

I maintain there is a direct relationship between increasing costs of transportation and distribution and the increase in the cost of food in Canada. For example, in my own part of the country, the Atlantic provinces, the Atlantic Provinces Transportation Commission in one of its recent reports stated:

> For the eighth time in the past twenty-nine months, rail rates will increase on February 14, 1972. The increase announced by the Railway Association of Canada on behalf of the Canadian railways, will range from 4 to 8 per cent.
>
> The latest increase is another in what has become a pattern of an increase every six months since the lifting of the rail freight rate freeze on September 23, 1969. This succession of rail rate increases now stands at a cumulative total of 35 to 68 per cent (depending upon the rate level) for non-competitive rail rates and 19 to 40 per cent on competitive rail rates.

According to these statistics, I have placed before the House the Atlantic provinces experienced the sharpest increase in the cost of food for the year beginning May, 1971, using Winnipeg figures as the base. Perhaps it might be worthwhile to continue quoting from this Atlantic Provinces Transportation Commission report as follows:

> While it may be argued that the railway rates were frozen for almost ten years prior to September 23, 1969, the accumulative increase enacted during the years immediately followed the lifting of the wartime prices and income freeze. In fact, for the lower rated traffic, the increase since September 23, 1969, exceeds the increase in any similar period since World War II.

Something must be done to curb this increase in freight rates. Not only is it contributing substantially to the cost of food prices in the Atlantic provinces and in western provinces, it is also substantially undermining the regional economic expansion policies for this government, because unfortunately these regional economic expansion policies are not programmed to government transportation policies. In regions such as the Atlantic provinces we find they are running at cross-purposes, one cancelling out the other. You cannot have a regional development policy without having a complementary national transportation policy. As I have just indicated, we do not have that by reason of the increases in freight rates in the Atlantic provinces since the freeze was lifted on September 23, 1969.

• (1600)

There is another factor which comes into play which I believe is very important. I refer to the direct influence the cost of living, particularly in increases in food prices, has on low-income families. The fact is that low-income families live in the areas on the periphery of Canada, such as the Atlantic provinces, eastern Quebec, northern Ontario, the western provinces and the northwest. It is really interesting to note that the latest figures I have indicate that the low-income families, the families with the largest number of children which are to be found in places like the Atlantic provinces and Quebec and whose earnings are in the $3,000 bracket, spend 27.9 per cent of the total family income on food. The percentage goes down as the income goes up. At the level between $9,000 and $10,000, the middle level, they spend 18.8 per cent of their income on food. Those at the level of $15,000 and over, the highest income bracket, spent only 13.4 per cent of their income on food.

Again there is a relationship between families living in the regions of Canada directly influenced by government transportation policies as a consequence of the increased freight rates. The people in these areas of the country have the largest families. This is the reason I find difficulty in agreeing with the methodology, if you like, adopted by the hon. member for Vancouver-Kingsway while at the

same time making very clear that we agree with and intend to support the motion put forward by the hon. lady. We feel, however, there is another vehicle which can be used quite effectively. I will grant, Mr. Speaker, that this has not been successful in the past. Its record, as a matter of fact, has not been very impressive and it is about to die a natural death. I refer to the Prices and Incomes Commission.

This commission was established in June 1969. Its terms of reference were to inquire into, and report upon the causes, processes and consequences of inflation and to inform those making current price and income decisions, the general public and the government, on how price stability may best be achieved. Clearly the responsibility lies with this commission which is still in existence, although the Prime Minister (Mr. Trudeau) has indicated in a reply to a question that the Prices and Incomes Commission will go out of existence as of the end of June 1972. That answer may be found at page 1264 of *Hansard* for the present session. We have seen that the Prices and Incomes Commission, under its terms of reference, is in a position to give us the kind of national study a parliamentary committee would take at least a year or two to give us. A Joint Committee of the House of Commons and Senate spent a full year travelling across the country and making its recommendations. We have the report of the Batten royal commission in respect of three prairie provinces which is the result of almost two years of deliberations, hearing witnesses and making recommendations. We believe this is an urgent problem. Because of the urgency of the problem we believe the Prices and Incomes Commission could deal with the matter very quickly under its present structure and organizational set-up.

Therefore, I would move, seconded by the hon. member for Brandon-Souris (Mr. Dinsdale):

That the motion be amended by deleting all the words after 'standards' and substituting the following:

"and because the Prices and Incomes Commission has failed to inform the general public on how food price stability may best be achieved, should forthwith amend the terms of reference of the commission to require it to investigate and report thereon before September 1, 1972."

The motion as amended would then read:

That, in the opinion of this House, the government has failed to cope with the problem of steadily rising food prices, which seriously affect Canadian living standards, and because the Prices and Incomes Commission has failed to inform the general public on how food price stability may best be achieved, should forthwith amend the terms of reference of the commission to require it to investigate and report thereon before September 1, 1972.

Mr. Deputy Speaker: Order, please. The hon. member for St. John's East has proposed an amendment to the motion moved by the hon. member for Vancouver-Kingsway (Mrs. MacInnis). I have some reservations concerning the procedural acceptability of the amendment. I will hear hon. members if they wish to assist the Chair. I would invite them to direct their remarks particularly to what seems to me to be the situation. If the amendment of the hon. member for St. John's East were accepted, it would seem we would in effect have a new question in that we would then be dealing with a reference to the Prices and Incomes Commission whereas the motion of the hon. member for Vancouver-Kingsway refers to a reference to a special committee of the House. This concerns me from a procedural standpoint. I think it is a new question. However, I would like to hear hon. members if they wish to assist the Chair.

Mr. Aiken: Mr. Speaker, I wish to speak briefly on this matter. The point is that the amendment is relevant to the main motion and is actually on the same subject matter. It is merely the latter portion of the amendment which would provide a different remedy. I think this is perfectly consistent. The main part of the motion moved by the hon. member for Vancouver-Kingsway remains in the motion. The amendment merely alters the general procedure in dealing with the problem. I believe it is certainly relevant to the original motion. I do not think I need refer to Beauchesne in too much detail. Citation 203, however, states:

The law on the relevancy of amendments is that if they are on the same subject-matter with the original motion, they are admissible, but not when foreign thereto.

I think that is a clear and straightforward answer to the question which arises in Your Honour's mind. It is relevant. It is on the same subject matter as the original motion. That leaves it fairly broad. I believe that if one were restricted narrowly in respect of amendments, one would find difficulty in moving amendments. The hon. member who has just moved the amendment has not changed the subject matter of the original motion. His motion would merely alter the means by which the problem of the steadily rising food prices can be met. I think this is such a minor change in the nature of the motion, that it does not substantially affect it. I really cannot see any difficulty which would arise.

If the amendment were accepted and voted upon, it would merely mean that there would be concurrence in the motion has introduced and in her general statement. However the remedy would be slightly different. Instead of the subject matter being referred to a special committee for investigation, it would be referred to the Prices and Incomes Commission. I cannot see any real difficulty here.

• (1610)

Mr. Lewis: Mr. Speaker, it seems to me fairly clear that your concern about the amendment is justified. I am a little at a loss to understand why the mover of the amendment—although perhaps I am not at such a loss—left out the reference to the excessive profits of the supermarkets, something which in our view is relevant to the question of food prices. Perhaps the hon. member is not concerned about those profits as they relate to food prices. That is his business, not mine. This amendment entirely changes the thrust of the motion moved by the hon. member for Vancouver-Kingsway (Mrs. MacInnis). What she is seeking is an investigation by a committee of this parliament into the question of both steadily rising food prices and excessive supermarket profits. She is seeking to involve Parliament in the inquiry, and for Parliament to report before we rise for the summer recess, on the basis that no one can be certain we will be back next fall.

Because the matter of the rise in food prices is of such immense importance to the families of Canada, she wants the investigation to take place quickly, and the committee

to report back by June 26 in order that some action can be taken, if action is found to be necessary by the committee. Without taking up any more of your time, Mr. Speaker, I respectfully submit that the hon. member for Parry Sound-Muskoka (Mr. Aiken) was not right in saying that the amendment did not deal with the principle of the motion but merely the means. That is a brief and accurate way of saying the amendment does not do what he was arguing at all. The amendment changes the entire thrust of the motion which is for an inquiry by a committee of this parliament into rising prices and the profits of supermarkets, and not by some agency set up by the government somewhere. The two things are entirely different in principle, and I respectfully suggest that the doubts which you had were fully justified.

Mr. Woolliams: Mr. Speaker, as I read the motion it says:

That, in the opinion of this House, the government has failed to cope with the problem of steadily rising food prices—

That seems to be the main thrust of the motion, the increase in the cost of food. One may blame it on the supermarkets or co-ops which handle food stuffs, or on anybody else, but the real thrust of the motion, as I see it, is to deal with rising food prices. What remedy have we got? The remedy the NDP recommend, and it has some merit, is that the matter be referred to a standing committee of this House. The hon. member for St. John's East (Mr. McGrath) has suggested that the matter be referred to the Prices and Incomes Commission. It is just a case of which remedy to adopt. In other words, Mr. Speaker, let us put it on a legal basis. It is a question of whether to refer a matter to the district court or to the Supreme Court trial division. It is only a matter of remedies. I would therefore ask you to consider the amendment in order. It does not change the substance of the motion at all. It only deals with the remedy, with how to arrive at a solution of the problem which has been placed before the House today by the New Democratic Party.

Mr. Broadbent: Mr. Speaker, I would like to comment briefly on the observations of the hon. member for Calgary North (Mr. Woolliams). With respect, as one says here, I think he has misinterpreted the essence of the motion. The motion is not, as he would suggest, simply intended to deal with the problem of steadily rising food prices, but rather makes the specific suggestion that this problem is directly connected in some way with the simultaneous rise in supermarket profits. In other words, in the judgment of the mover of the motion these are not two separate factors. The mover obviously intended that the subject matters be combined, the matter of rising food prices and the related fact of increased supermarket profits. it would be incorrect to suggest that the motion only accidentally combines these two ideas. The one is inextricably linked with the other.

The second suggestion made by the hon. member for Calgary North (Mr. Woolliams) is that it does not matter which body looks into the situation, the Prices and Incomes Commission or a special committee of the House of Commons. I suggest that there is a world of difference. For many months, members of the NDP have made it abundantly clear that we hold the operations of the Prices and Incomes Commission to be of considerably low repute. We would not recommend to the House that that body look into food prices, or indeed into the prices of any other commodity. Therefore the mover of the motion decided that it would be much more appropriate to have a committee composed of the elected representatives of the people of Canada look at this question, and not the Prices and Incomes Commission. That is a fundamental difference which is overlooked by the hon. member for Calgary North.

There is a third area of difference between the original motion and the proposed amendment. The original motion calls for a report to the House, perhaps not a definitive, all inclusive report, but some kind of report, by the end of June. The amendment, completely contrary to that, calls for a report much later in the year. Therefore, I respectfully suggest that the amendment should not be accepted.

Mr. McGrath: Mr. Speaker, I have heard the arguments, and I was particularly interested in the remarks of the hon. member for York South (Mr. Lewis). I can only conclude that he was not present in the House or, if he was present, that he was not listening when I made my speech, because I made it very clear that we were concerned with the rising profits of supermarkets. However, I said that was only a factor. It may be a substantial factor, but there are other factors as well which the motion proposed by the hon. member for Vancouver-Kingsway (Mrs. MacInnis) excludes. We were merely trying to make this motion a serious one because, as it is now worded, it is a two-pronged motion attempting to do two different things. It is concerned with the rise in food prices, and it expresses concern at rising supermarket profits. They are two different things, although related, and probably one contributes to the other.

The key word in the motion is the word "or" where it says:

—in the opinion of this House, the government has failed to cope with the problem of steadily rising food prices, which seriously affect Canadian living standards, or with the fact that supermarket profits have increased simultaneously—

I maintained in my argument that the increase in profits was a contributing factor to the rise in food prices but that there were other contributing factors also, such as those I stated in my speech, for example, transportation.

The other point I would respectfully draw to your attention is the argument I used in my speech that this matter has already been studied by a joint committee of the two houses of Parliament, which took a year in its deliberations, and it was studied by a royal commission, which took two years in its deliberations. We question the seriousness of what the hon. member hopes to achieve when she says that she hopes to have this study completed in two weeks.

• (1620)

Mr. Deputy Speaker: Order, please. With respect, the hon. member was arguing the substance of the matter. Are there any other hon. members who would like to assist the Chair?

Mr. Deachman: Mr. Speaker, in speaking to the point of order in respect of this motion, I might say that I suppose any motion is amendable. The point to keep in mind in respect of a motion on an opposition day is that such motions come from one opposition party on one day and on another day from another opposition party, they are divided equitably amongst parties. On a day when one party moves a motion and a member from another party proposes an amendment to it, the effect of a vote on the amendment would be that the original motion would be pre-empted by another party. The government ought not to be in a position of interfering in such motions by the casting of its vote, if a vote had to be brought on the amendment. I would conceive the position of the government to be that we are here to listen on the days on which—

Mr. Woolliams: There are not many listening.

Mr. Deachman: —to listen to propositions—

Mr. McGrath: Where is the Minister of Consumer and Corporate Affairs (Mr. Andras)?

Mr. Deachman: —put forward by the member of the party that moved the motion. In the event that the amendment were brought to a vote at this time, the effect would be that the government would be able to choose the motion of one party or the motion as amended by another party, and thereby interfere in a debate essentially reserved for the purpose of the opposition.

Mr. McGrath: It is a non-confidence motion.

Mr. Bell: Mr. Speaker, may I just say what I think Your Honour has to decide. Having said that the NDP motion is in order, one must admit that there are two separate motions, food prices and supermarket profits. If it is in order to make two-pronged motions of this nature in the House, then we can put them forward with three, five, six, seven or eight prongs and we in the opposition are entitled to amend one of the those prongs. We were amending the second prong, the one on supermarket profits. It is that simple as far as I am concerned.

Mr. Dinsdale: Mr. Speaker—

Mr. Deputy Speaker: Order, please, the Chair is ready to make a decision. I really feel that my first thoughts, from a procedural standpoint, were correct. With respect to the hon. member for Vancouver-Kingsway (Mrs. MacInnis), I will hear her if she insists, but I think we are on the same side in the procedural argument. I have indicated the ruling I would make, but if the hon. member for Brandon-Souris (Mr. Dinsdale) would like to persuade the Chair of his view in the matter I will hear him.

Mr. Dinsdale: Mr. Speaker, I was not going to take part in this preliminary discussion until I heard the official whip of the government intervene a moment ago. He seemed to be suggesting that on an opposition day it would not be proper for any of the opposition parties, other than the one making the motion, to introduce amendments to it. I think that suggestion is completely off base. I want to reiterate what has already been said on this side of the House, that the amendment being moved by the official opposition is precisely on the subject matter chosen by the NDP for today's debate which is to the effect:

> That, in the opinion of this House, the government has failed to cope with the problem of steadily rising food prices, which seriously affect Canadian living standards,

During the course of debate there will be all kinds of suggestions, other than the profits of the food chains, why this situation has occurred. We feel that the Prices and Incomes Commission has a major responsibility in this matter, and we feel that along with the main subject of the motion we should stress, in an amendment, the basic responsibility of the Prices and Incomes Commission in this matter.

Mr. Deputy Speaker: Order, please. I should like to thank hon. members who assisted the Chair on the procedural aspect. Initially, I indicated my doubts about whether the amendment could be accepted procedurally, and I have to confirm my original thoughts.

First of all, I want to deal briefly with the point made by the hon. member for Vancouver-Quadra (Mr. Deachman) whose views were clarified and narrowed by the hon. member for Brandon-Souris (Mr. Dinsdale). Certainly, there are times and circumstances when a motion on an opposition day is amendable. Indeed, the Chair has allowed amendments, if not in this session, in the last session of this Parliament. On opposition days, however, we must look very carefully at amendments and the circumstances surrounding them, because if they change the direction or the impact of the motion, they are not acceptable. I think it would be unfair to opposition parties if such amendments were acceptable. This is, of course, in the interests of all opposition parties and the interests of fairness.

I think this amendment does change the substance of the motion on two points. In her motion the hon. member for Vancouver-Kingsway has requested reference to a special committee of the House. The hon. member for St. John's East (Mr. McGrath), who proposed the amendment, would have the reference made to the Prices and Incomes Commission. The hon. member for York South (Mr. Lewis) and the hon. member for Oshawa-Whitby (Mr. Broadbent) argued fairly, and with some force, that the hon. member who moved the motion has a right to put her question before the House and have the matter determined by the forum or tribunal that she chooses. The hon. member for Calgary North (Mr. Woolliams) has argued that it is really a case of one tribunal compared to another, as one would compare one court to another, but with respect I cannot agree that such is the case. I think we are talking about very different tribunals and that the hon. member for Vancouver-Kingsway has the right to choose the one she would like to suggest to the chamber for its consideration.

Hon. members have referred to the fact that if the amendment were accepted the reference to the question of profits of supermarkets would be removed from the consideration of the House. I think that is important and is a substantive part of the motion of the hon. member for Vancouver-Kingsway. It seems to me that we would be changing it substantially, and much more than we are entitled to do if the amendment were allowed. The hon.

member for Parry Sound-Muskoka (Mr. Aiken) referred to citation 203 of Beauchesne's Fourth Edition and I would like to refer to paragraph (3) of that, which reads:

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

Some hon. members have argued that the motion and the amendment deal with the question of food prices, but where I feel the amendment is irrelevant and why I cannot accept it, is that the change of tribunal which I have referred to and the removal of the question of supermarket profits would both be substantive changes.

• (1630)

[*Translation*]

Mr. René Matte (Champlain): Mr. Speaker, the motion before us refers to something everybody knows.

The problem of steadily rising food prices is seriously affecting the standard of living in Canada. We all regret the fact, but nobody will do anything, and especially not this government whose inconsistent policy makes the situation even more complicated.

Food is an essential need. Rich or poor, whether living in a city or in the country, we always have to eat in order to survive. Therefore, a so-called just society must make food products readily accessible to all people.

All individuals take part in some way or another in production. They are fully entitled to get food at reasonable prices. Systematic exploitation on the part of unscrupulous dealers cannot be tolerated in that field. In a country such as ours, where food resources are inexhaustible, it is inconceivable that thousands of citizens should find it so hard to eat adequately.

What is lacking? Meat, cereals, vegetables, fruit, in short all foodstuffs are in plentiful supply. Instead of letting taxpayers enjoy the generosity of Divine Providence, we think up all kinds of ways to give producers a bad time, allegedly to reduce production and maintain prices. Western grain producers as well as Quebec milk producers could say much about that. To pay the farmers of an area so that they will not grow wheat and penalize others for producing too much milk, that is a policy both wrong and stupid.

Before talking about real surplus, let us begin by providing all Canadians with good food in abundance. Then, should there be a surplus, let's share it with the have-not countries where thousands of human beings die from starvation every day.

We say again and again that the problem in this country is not one of production but rather of purchasing power. We could even state that the cost of food products would be immaterial if every family had the necessary income to buy them. In other words, the minute we understand that an adequate economic policy must be directed towards perfect balance between production and consumption, the problem will be settled.

In this intricate and artificial system to which we are now subjected, unfortunately there is room for all kinds of abuses. As pointed out in the motion introduced by the hon. member for Vancouver-Kingsway (Mrs. MacInnis), "supermarket profits have increased simultaneously at an unprecedented rate". Everywhere swindlers are at work. Under any pretence, the prices will be boosted. And all that, mainly in order to boost profits.

Those are not gratuitous arguments. Just analyze the huge difference between the producer's cost and the consumer's price. For example, pork producers get about 30 cents a pound whereas consumers pay from $1 to $1.70. This difference is much too considerable: it means a gross profit of about 500 per cent to the middlemen. So no wonder pork producers are subsidized while corporations such as Canada Packers, for instance, are making net annual profits of $15-odd million.

I quite agree that these matters are of nation-wide concern and should be referred immediately to a special committee of this House for investigation and report by June 26, 1972, as suggested in the motion. But we will meet with very little success unless we define more precisely the actual reasons for current problems.

All kinds of reasons are used to oppose our suggestion of balancing production and consumption by increasing the purchasing power. Some horrified people even tell us: This would mean inflation! For goodness sake, let us agree on the meaning of words and let us know what we are talking about.

During a television program a dogmatic economist defined inflation as an immoderate increase in prices caused by disproportionate supply and demand, the former being unable to meet the latter. In other words, too much money chasing after too few goods.

Well, a representative of the Quebec Department of Industry and Commerce—the same thing could probably have been seen in the federal government—replied to the traditional economist that his definition did not correspond to reality. Tradesmen do all they can to try and sell; manufacturers have to curtail production; they devise programs to keep their employees, who are threatened with unemployment and who rely on their unions for protection through a guaranteed pay.

There is no inflation in Canada. The economist, who has both feet in business, proves it. However, effects similar to traditional inflation—rising prices—are partly imported from other countries and partly due to a pyramid of interest which citizens have been paying for 20, 30, and 50 years on public development, a pyramid made of taxes which are included in the price of goods. The result is a rise reflected in salary increases, and it is still a vicious circle.

• (1640)

On the other hand, the living-room economist, sitting with his feet up on his desk, *doctus cum libro*, reasons on the basis of principles developed centuries ago while the economy was one of deprivation, when everybody had to work for 10 or 12 hours a day. Every craftsman or professional had to get part of his food or his clothing out of the earth himself. In order to reduce inflation, such economists only create unemployment, which gradually forces people to go on welfare. An increase in taxes and salaries then follows, and the same vicious circle starts again.

The undue increase in food prices is a crime, especially as our society, by accepting the present economic system, tolerates poverty in the midst of affluence.

Let an investigation be made in order to eliminate exploiters, trusts, and finance sharks. This would certainly be a good thing, but as I have said before, it is absolutely necessary to go further and to find a permanent remedy.

The government alleges that there is sufficient purchasing power to buy any product at the market price and that if some people have not enough money, it is because others have too much of it and the problem is that of uneven distribution which should simply be straightened out.

That was the theme of the Prime Minister (Mr. Trudeau) when he was speaking to us in 1968 about the just society. I will not dwell on the results achieved in 1972. We are well aware that the Canadian people is still awaiting the birth of that just society.

We of the Social Credit party do not accept that. There is a serious deficiency in the system of distribution of wealth which should be weeded out. We have already suggested a formula providing more benefits to the people from the abundant riches that are produced and available, without depriving anyone of anything.

We must at all costs remember some day to give the people, in addition to the legislative, executive and judiciary powers, the monetary power which has been described thus:

> A monetary power vested in an agency similar to the judiciary apparatus. But it would include qualified accountants instead of judges. Accountants who, like judges, would be independent from politicians in power in the performance of their duties. Additions, subtractions or rules of three would be based on statistics that are not within their control; on production returns and on the consumption of the country resulting from free activities of free producers to meet the needs freely expressed by free consumers.
>
> This means that money and credit would only be a reflection in numbers of economic realities. The act creating such a monetary power would assign that purpose to the body thus set up. The agency would have to supply the financial credit required to enable the people to order the goods they need on the basis of the national production capacity.

Mr. Speaker, when we have managed to solve the real causes of the problem, as I have just explained, we will have contributed to freeing the Canadian taxpayer, and we will no longer witness the type of situation we are now subjected to, that is having to face outrageous increases in prices when Canadians can hardly manage to make ends meet, and this, because of the negligence of our leaders.

[*English*]

Hon. P. M. Mahoney (Minister of State): Mr. Speaker, I would like to extend the regrets of my colleague, the Minister of Consumer and Corporate Affairs (Mr. Andras), at his inability to be present in the House this afternoon. Unfortunately, he is required to be elsewhere on an urgent matter of government business.

I rise to speak to probably one of the more cleverly worded motions that has been put to the House in a long time. This is almost like being asked whether you have quit beating your wife. Under the terms of Standing Order 58(9), we have, of course, a no-confidence motion. The government must oppose it. Superficially, it would appear that this presents the sort of thing that members of Parliament, whatever their party, would have a great deal of difficulty in opposing. However, it actually has to be opposed because of its premises, as well as the fact that the conclusions it reaches do not stand up to factual examination.

Supermarket prices have not been rising steadily and chain store profits have not increased at an unprecedented rate. It is true that supermarket profits and food prices have recently been going up, but an analysis of the matter does not indicate that the supermarket chains are either profiteering or are solely responsible for the increase in food prices.

Let me first deal with profits. During late 1970 and continuing to about mid-1971, a supermarket price war was in progress in central Canada. That had severe effects on the profits realized by supermarket chains. Dominion stores, for example, had their net income per sales dollar for the year 1971 drop to four tenths of one per cent in 1971 from 1.4 per cent in 1970. It rose back to 1 per cent of sales in 1972. In 1967 and 1968, this figure was 1.7 per cent. It was obviously as the result of the price war that Dominion Stores profit margin dropped substantially. They have since recovered somewhat, but have not approached the profit margins of the pre-price war period.

Similar results are found in analysing the financial statements of other supermarket chains. Of course, if one compares, as the hon. member for Vancouver-Kingsway (Mrs. MacInnis) does, the difference between the better profits in 1972 and the very low profits in 1971 while the price war was in progress and expresses the increase as a percentage, it appears very substantial. In addition, this is contributed to by a very substantial increase in total sales. The present government holds no particular brief for supermarkets or their policies. On the other hand, it has no reason to believe that they are treating the consuming public unfairly in terms of prices. Until there is some reason to do so, the government is strongly opposed to singling out one particular sector of the business world and making it a scapegoat.

The Director of Investigation and Research under the Combines Investigation Act has had a watching brief over the behaviour of the retail food industry for years, particularly in the years since the 1959 report of the Royal Commission on Price Spreads headed by Andrew Stewart. This report found that the outstanding development in food retailing during the period which was surveyed was the growth of the large voluntary chains. These voluntary chains are operations like IGA in which independents join together to get the advantages of mass buying. The royal commission reported that the growth of these voluntary chains had been greater proportionally than the growth of the corporate chains which threatened to put the independents out of business. Contrary to the impression left by the hon. member for Vancouver-Kingsway, the voluntary chain movement has grown apace and constitutes a very strong competitive restraint upon the power of the corporate chains to raise prices unduly and, even more important, provides a positive impetus for competitive pricing in the industry.

I should also note the valuable work done by the Batten commission which reported to the premiers of Alberta, Saskatchewan and Manitoba just a few years ago on the food industry in those provinces.

• (1650)

The Combines Director is required by the statute to commence an inquiry whenever he has reason to believe that the Combines Investigation Act has been, or is about to be, violated. Two types of offences under the act are particularly to be watched for in an industry of this kind: the companies might enter into agreements with their competitors to fix prices or otherwise to present or lessen competition unduly, or one or more of them might by acquiring competitors reach a dominant position in the industry so that competition would be lessened to the detriment of the public. The Director of Investigation and Research is aware of these possibilities and if he has reason to believe that any such offences have taken place, is required by law to commence an investigation.

Canadian policy toward prices in general, except during the second world war, has been to avoid any system of government control in the private sector, leaving competition itself to safeguard the interests of the public. Two royal commissions on prices and price spreads—the Curtis commission in 1949 and the Stewart commission in 1959—gave us no reason for departing from this policy. The Combines Investigation Act has been in existence throughout to ensure that any undue interference with the public interest in free competition could be dealt with by the courts after administrative investigation through the wide powers given to the Combines Director by Parliament.

In his last annual report, that for the year ended March 31, 1971, the Director reported at length upon a study made in his Research Branch into Concentration in the Canadian Food Retailing industry, and the changes which took place in the decade 1958 to 1968, that is the period covered by the Stewart Commission. Hon. members would do well to consult this thorough analysis, which is found at pages 16 to 20 of the report, and which includes a number of comprehensive statistical tables, made public for the first time. The conclusion of this study was that the structure of food retailing in 1968, the last year for which full statistics were available, was more conducive to competition than it had been ten years earlier. The corporate chains as a whole had somewhat improved their position in the market, but the largest ones had a slightly smaller share than they had enjoyed in 1958. Although unaffiliated independents had lost considerable ground, independents affiliated into voluntary chains as well as small corporate chains had markedly improved their positions during the 10-year period.

The structural conditions described in the study were considered to be consistent with the existence of the "price war" which was raging between the chains in late 1970 and the first five months of 1971. The study nevertheless concluded that the director should continue his vigilance because in some cities a few chains had a large share of the market. To give the leading examples, it was found that the three largest chain stores had 60 per cent of the total retail food sales in Edmonton, 49 per cent in Halifax, 37 per cent in Montreal, 26 per cent in Ottawa, 64 per cent in Saskatoon, 41 per cent in Toronto, 47 per cent in Vancouver and 44 per cent in Winnipeg. All chain stores combined did 63 per cent of the Edmonton business, 57 per cent in Halifax, 42 per cent in Montreal, 35 per cent in Ottawa, 59 per cent in each of Saskatoon and Toronto, 55 per cent in each of Vancouver and Winnipeg. For the whole Canadian retail food market, the three largest chains did only 21 per cent of the total business in 1968, and all chain stores accounted for less than 43 per cent. The largest 15 chains did 37½ per cent of the total retail food store sales in Canada. I am sure these figures are much lower than many people have been led to believe and that many will be surprised to know how much competition there is in this industry outside of the corporate chains.

With a structural picture such as I have described, moreover, it is not surprising that there has been sharp competition among the food chains. On several occasions price competition has become so strong as to be labelled by the public and the press as "price wars". As I have already intimated, in the fall of 1970 and for the first five months of 1971, such a price war was under way. It was quite prolonged, and much discussed in the press and in the trade journals. Prices become so low that many of the retaining grocery independents were writing to the Minister of Consumer and Corporate Affairs complaining that the independents were in imminent danger of bankruptcy.

Many Members of Parliament, including prominent NDP members, were forwarding these complaints to the Minister of Consumer and Corporate Affairs advancing in the strongest language the view that the food chains were engaged in a policy of selling groceries at prices unreasonably low. They represented this as a conspiracy to drive the independent grocers out of business. It was a very difficult period for the minister and the combines director, both of whom were deluged by these complaints yet had to turn them aside because there was no evidence of anything except sharp price competition in which individual chains were trying to increase their share of the market by outdoing each other in their low price appeal to the consumer. The minister was very sympathetic to the plight of the small retailer, but had to recognize that the greater efficiency of the chains made it possible for them to buy at lower prices, to minimize their costs, and this to provide needed food to the consumer at low competitive prices.

As I have already indicated, however, this prolonged price war cut sharply into the profits of the corporate chains. There was a large drop in the ratio of net profit to sales for the 1970-71 period, and even though the 1971-72 figures recently announced show considerable improvement, the ratio is still far below the average for the last several years.

Moreover, there is still more recent evidence that there has been a resumption of the price war. Early this year A & P test-ran a discounting program in Southwestern Ontario and by May of this year put it into effect in all major centres in Ontario and in Montreal. Since A & P began this program Dominion Stores, Steinberg's and Loblaws have indicated that we may be in for another supermarket price war similar to the one in late 1970 and early 1971. At the annual meeting of George Weston Limit-

ed on May 25, 1972, the Chairman predicted that food price wars and other fights between supermarket chains are going to last for some time. He is quoted as saying:

—these scrappy days in this particular industry are apt to last for a long time to come—

—I say to you and I say it with some thought that this fight in supermarket business is going to go on for a long, long time.

I would now like to take a close look at what has been happening to food prices. I feel it is important that I do this because there does seem to be a good deal of confusion about food price trends. Food prices in Canada are measured from month to month by Statistics Canada in assembling the Consumer Price Index. The most recent reading on our consumer price levels is for April, 1972. We have comparable data going back many years.

Looking at the most recent changes in the food component of the consumer price index in a suitable historical perspective one cannot help but notice the extreme volatility in the month to month movement of the food index. During 1971 we experienced monthly increases of as high as 2.2 per cent and monthly decreases of as much as 1.6 per cent. One cannot talk about food price trends on the basis of individual monthly movements.

Mr. Benjamin: What about yearly?

Mr. Mahoney: I am coming to the annual figures. Our data are not unique in this respect. Food prices in the United States have also exhibited substantial volatility in their month-to-month movement.

Looking back over the record of food prices changes in Canada one cannot help but notice as well the regular seasonal patterns in the change in food prices. In the most recent month available, April, the index for food was up 0.9 per cent from March. This change was about the same as that recorded on average in the same month over the past four years. In the cycle of pricing of different food items it turns out that the food index in April typically rises and we should not be surprised by this. Last September the food price index dropped 1.6 per cent but that, too, was a seasonal change. Over the preceding four years it had declined in that month by an average of some 1¼ per cent. As a result of both the volatile month-to-month changes in food prices and also as a result of the regular seasonal pattern of food price change, one has to be extremely careful about inferring trends in food prices from data for individual months. One has to look at the food price index in a longer term perspective.

What is a suitable perspective for looking at food prices? Usually, the per cent change from the same month a year earlier provides an adequate perspective and avoids the problems I have just mentioned. But this is not so at this time. Between August and December of 1970, at the time of the supermarket price war, there was a precipitous drop in food prices in Canada: the food price index fell 4.8 per cent in only four months or at an annual rate of 15 per cent.

Mr. Horner: Mr. Speaker, could we have the author of this speech?

Mr. Deputy Speaker: Order, please.

Mr. Mahoney: This brought food prices to an unsustainable low level by the end of 1970. But they did not rebound to their mid-1970 levels overnight. By April of 1971 the food price index was still well below its peak of the preceding year. The effects of non-sustainable special factors were still being felt and further increases were bound to come, and they have. Because of that situation a year ago, the year-to-year per cent changes in current food prices can be very misleading as an indicator of food price trends.

What are the facts? While food prices were up 7.1 per cent over the past 12 months, if we look back to April of 1970, the increase was 5.2 per cent—an average annual rate of increase over the past 24 months of only 2.6 per cent. This is a full percentage point below the average annual rate of increase in food prices in the last half of the decade of the sixties. Viewed in the right perspective, so as not to be confused by the volatile month-to-month movements in food prices, by the recurring seasonal patterns of food price change, or by the special temporary effects on food prices of the supermarket price war, we see that food price trends have in fact been better on average over the past two years than they had been for a number of years before that.

With food having such an important place in the spending pattern of consumers, lower average rates of food price increase over the past two years have benefitted all Canadians. After tax incomes of persons in Canada have increased by almost 9 per cent per year, on average, over the past two years. After allowing for the average increase in food prices of only 2.6 per cent over the past two years, it is quite clear that average living standards of Canadians have indeed improved markedly.

In conclusion, my submission is that the motion should not be supported. Opposition members who propose such motions keep vacillating between two untenable positions. When the price war is on and prices and profits are low, they are beseeching us to get prices up for the sake of small independent grocers whose livelihood is threatened. Then as soon as a period of stability causes some recovery in prices and profits, they call stridently for prices to be reduced in the interests of the consumer. Naturally, in their irresponsibility they listen to whoever is being hurt by current conditions and they call for the best of both worlds.

For our part the government earnestly requests all corporations and individuals concerned in the production and distribution of food for domestic consumption to do everything they can to make themselves more efficient, to cut costs, and to provide the necessities of life to the consumer at the lowest possible prices. We do not expect them to forgo their legitimate profits. If they do this, if they do it within the law, and especially if they do it in a spirit of enlightened competition, the structure of the industry will take care of itself. If the most efficient organization of the industry requires it, the chains will be able to continue and to flourish without government interference under our free enterprise system. We call upon them to do all in their power to keep their prices low. We do not want to see them harassed by unnecessary investigations, whether by parliamentary committees or other bodies.

On the other hand, if persuasive information can be sent to the Combines Director to lead him to think there has been any violation of the Combines Investigation Act, he will immediately commence an investigation as required by the law. In any event, the Department of Consumer and Corporate Affairs will continue to be vigilant in maintaining the fullest information about the industry, so that if there should develop any detrimental trends they will be quickly identified and necessary corrective measures proposed to safeguard the public interest.

Mr. Horner: Mr. Speaker, before the hon. member sits down would he give us the author of the speech he has just delivered?

Hon. W. G. Dinsdale (Brandon-Souris): Mr. Speaker, one of the great weaknesses of this "just society" government that is temporarily in power today has been its failure to deal with the problem of the rising cost of living. In 1967 and 1968 inflation and the effect upon the consumers of Canada of its growing intensity was felt for the first time. Let me quote some figures as I begin my brief remarks this afternoon, which will demonstrate that the present government has completely failed to cope with this problem.

In the 1968-71 period, the increase in the cost of living was 3.9 per cent per year. In the most recent year, 1971-72, the consumer price index increased by 4.6 per cent. Just by way of comparison, I would point out to hon. gentlemen that in the period 1960-63 the increase in the consumer price index was 1.3 per cent—

Mr. Olson: 1963 was the most disastrous year in the history of Canada.

Mr. Dinsdale: —which is a percentage that is possible under sound and stable administration. I hear the Minister of Agriculture (Mr. Olson) referring to that period as the most disastrous period in the history of Canada for the farmers.

Mr. Horner: Tell him about the 1970 net figures.

Mr. Dinsdale: I would think that the record speaks for itself, and the farmers will answer that query in no uncertain terms when they have the opportunity at the polls in the not too distant future. The Minister of Agriculture was speaking for a different party in those days—

Mr. Olson: And he will be speaking later today, too.

Mr. Dinsdale: —and he was of much the same opinion then as we are at the present time. Admittedly, the government has tried to cope with this problem, as it is still trying to cope. It introduced a new Department of Consumer Affairs early in the present regime. It introduced the Prices and Incomes Commission in 1969. But we must conclude that both of these organizations have failed dismally to deal with the problem that we are debating this afternoon, which is the soaring cost of living particularly as it affects such basic commodities as food and housing.

We are especially concerned this afternoon with the rising cost of food, but by the by it appears that the cost of housing is going to increase significantly because it has been indicated that the mortgage rate in the next few weeks will rise to the unprecedented height of 10 per cent. It is a strange paradox that while the cost of living has been increasing during the present regime, the cost of government has been going up enormously in proportion. Another part of the paradox is that while the cost of government has been going up with the addition of new departments, boards and so forth, the effectiveness and efficiency of government has gone down in proportion. The government has blown hot and cold in dealing with this issue.

• (1710)

I am going to deal briefly with the role the Prices and Incomes Commission has played in this matter; but first of all I want to point out that the first minister of this House, the Prime Minister (Mr. Trudeau), has spoken with an uncertain voice during the past four years of the rising cost of living. In 1969, we heard this from the right hon. gentleman:

> The government has done beautifully in fighting inflation

On November 11, 1971, speaking in London on the question of inflation he said:

> —we haven't licked it and we said we would.

On January 9, 1972 the Prime Minister said:

> I think we tackled the problem of inflation in a serious way . . . almost too much determination.

In December 1969, he said:

> Inflation could destroy the Canadian middle class, which I regard as the basis of a lot of stability in our society.

The villain of the piece is not necessarily related to the increase in profits of chainstore markets, nor the increase in wages of the labour sector of the economy, although this has been the scapegoat selected by the Prices and Incomes Commission over the years. The villain is not necessarily the middleman involved in the food production process, although this is an area that could stand some scrutiny, as could others in the complex production process with which we are faced today. The villain is not the farmer, although he sometimes gets the blame for the increase in the cost of food. Under this administration, the farmers have been getting a lesser share of the food dollar. Farmers have had the worst bargaining position and the least support from this government. Instead of helping to improve the position of farmers in the food production chain, this government of the just society has completely neglected their position, and I think that could be demonstrated if I had the time this afternoon.

The most vulnerable is the commission set up by the government to deal with this matter, the Prices and Incomes Commission. As pointed out by my colleague, who endeavoured to introduce an amendment this afternoon, this commission was instructed to deal in a forthright manner with the problem of increasing cost of living brought about by runaway inflation. It was instructed to bring in reports from time to time which would make it possible for Members of Parliament and the people of Canada generally to determine who were the villains of the piece. Recently John Meyers, writing in his financial column, pointed out that there is such a report available but it is sitting on the desks of the ministers of the govern-

ment, and that every attempt to have a look at it has been refuted and turned back by this just society government. Let me give you a few of the facts contained in that report which indicate precisely where the villain is.

This afternoon the hon. member for Calgary South (Mr. Mahoney), the Minister of State with some responsibility for financial affairs, took great pains to exonerate the chain stores, and well he might for this unpublished report of the Prices and Incomes Commission points out that the blame lies squarely on the government for its failure to come to grips with the increase in the cost of living. It says this increase is due to the rapid acceleration of government spending at an annual average rate of 14 per cent during the years 1965 to 1970. That is precisely the period of time when inflation has tended to get out of control. Let me present some further information from that unpublished report. It suggests there has been an increase in the weight of taxes over that period, an increase of an average 7.3 per cent per year per unit of real national output, reaching a peak of almost 10 per cent in 1969 when taxes accounted for more than the total inflation experienced during that year. The difference was made up by a sharp decline in corporate profits.

This report contains valuable information that should be made available to hon. members of the House. If we had that information before us this afternoon we would obviously have a much more realistic discussion. Under its terms of reference, the Prices and Incomes Commission has the responsibility of tabling that report, because that commission was not set up to protect the government from findings that are politically embarassing. Obviously, the words I have referred to this afternoon indicate that if the report become available it would be embarrassing to the government. Before the Prices and Incomes Commission completes its lack-lustre career, it is on the way out and has overstayed its welcome now by several months, and is due to expire at the end of June—it should be allowed to make the report available to the people of Canada in order that we might have a reasonable appreciation of the real villain in respect of rising costs to consumers of basic products such as food.

There is one other point I should like to bring before the House before concluding my remarks this afternoon, and that is the failure of the government to bring a competition act before Parliament which would be acceptable to the people of Canada. Bill C-256 has had a checkered career. It has not yet reappeared on the order paper during the current session of Parliament. If we could get a competition act which would deal with the villains behind the scenes, causing outrageous increases in the price of food, we would not have to call together a special committee of the House of Commons, as this motion suggests. The Minister of Consumer and Corporate Affairs (Mr. Andras) has promised a competition act which would help to keep the economy of Canada on a stable basis. The sooner the government moves to deal with this problem, the sooner we will have the fires of inflation under control and the sooner the people of Canada will have an assurance that the value of their dollar will be maintained at a reasonable level for a reasonably long period of time.

With the addition of commissions and administrations designed to deal with rising costs, and the creation of the Department of Consumer and Corporate Affairs, the government promised to take care of the interests of the consumer. This produced a psychological attitude towards buying on the part of the public of Canada, which I think has helped to aggravate the problem rather than resolve it. Private consumer groups in this country are doing a good job in attempting to protect the rights of consumers. I should like therefore to put before this House a few suggestions the government might consider in respect of this consumer philosophy. I think the adoption of these suggestions would prove effective.

• (1720)

The government should consult with all groups and associations interested in consumer affairs. It should assist the Consumer Council of Canada to become a truly effective advisory body to the government. It should publish reports of the Consumer Council and make them readily available to the public. The government should more clearly define the role of the Consumer Council to make it more active in establishing the rights of the consumer and in recommending specific ways the government could act to establish these rights. It should make more use of the mass media in making the Canadian consumer aware of consumer laws and regulations. It should establish national standards of safety and ensure that all products for sale in Canada meet these standards. If the government would use the Consumer Affairs Department, which it has established at such exorbitant expense, then perhaps we could come to grips with some of the problems which have been outlined here today.

Mr. E. F. Whelan (Essex): Mr. Speaker, both as a producer and a consumer, I thought I should take part in the debate today. I believe one of the greatest misunderstandings Canadians have is that they spend too much of their earnings on food. Great emphasis is placed on this portion of their cost of living. Every time Statistics Canada releases figures, the news media are quick to point out how much the index has risen in respect of food prices. I have in my hand a recent United States publication. It is headed "What Farmers want you to know about" and explains the cost to the consuming public as well as how much the producers receive for producing tremendously high quality food. It reads:

> Is your family eating meals that rate fair to poor by government nutritional standards? One out of two consumers does every day. And high-income families average less food value for their money than low-income families.

One of the greatest misconceptions people have is that the people who earn the most money have the most nutritious and healthy diet. It has been proven by studies that this is not true. The publication continues:

> Half of the people in the U.S. are getting diets that are rated fair or poor by the National Research Council. A USDA survey shows the U.S. family diets aren't even as good as they were 15 years ago!
>
> Why? There's a variety of reasons. It may be due to dieting; or snacking; or eating out more. But you can do any or all of these things and still have a nutritious diet by making a balanced selection from America's abundant supply of food.
>
> Calcium, iron, thiamin, riboflavin and vitamin A are the nutrients which most often fall below the recommended level. Except possibly for iron, all are readily available in a balanced diet of meats, milk, vegetables, fruits, eggs and cereal products.

As producers of these foods, farmers, and the people who work with them in government, know a lot about food that they wish every consumer knew.

You've got 85 delicious ways of balancing your family's nutritional needs at the red meat counter. That's how many different cuts of beef, pork and lamb there are today in the typical food market.

And if you have enough spirit of adventure to ring or call the meat man and ask about cuts you've never tried—and how to fix them—you'll be surprised at how much enjoyment, variety and nutritive value you can add to your meals.

Actually meat is a better buy than it was 10 years ago. For example, beef prices have risen only 20 per cent since 1960, compared with around 30 per cent for all consumer items. Yet during that time, the proportion that gets an expensive grain finish has doubled. Practically all pork is grain fed; almost all lamb is milk fed or grain fed.

Also the price has not increased as much to the consumer as the price of other items. The publication further states:

Virtually every piece of meat you serve can be tender and tasty if you know its quality grade.

Then, it mentions the tremendous values one can get and the amount of nutrition that is in these products. There is another article which mentions our affluent society and the person who stops at a hotel on the way home for a few bottles of beer instead of having supper. There is a reference to fortifying beer to ensure that a person who consumes it will get the proper nourishment.

Some hon. Members: Hear, hear!

Mr. Whelan: Perhaps this is a good idea. I do not know why members of the New Democratic Party applauded this. Their economists will tell them that people in organized labour have always been able to keep ahead of the cost of living. I might say that I am sure members of the New Democratic Party are aware that they receive most of their support from organized labour. I want to point out that the amount of money a person spends or earns does not necessarily mean that the nutrition he obtains from the food he buys or the beer he drinks will be such that he will be a healthy person. We hear much about what we should be doing and what is being done in some other countries.

Let me compare the cost of food in some of the other countries which have a standard of living similar to ours, and one or two with a standard of living much less than ours. In the United Kingdom, about 28 cents out of every dollar is spent on food. In the United States, about 19 cents out of every dollar is spent on food. The situation here is similar to the situation in the United States. I am told that at the present time the cost of food to the Canadian consumer is a little lower than it is to the consumer in the United States. In a country such as India, 60 cents out of every dollar is spent on food. Then, we might consider the situation in Sweden, a country to which many people like to refer as an example when suggesting how people should live and drink. They always point out that it is Utopia.

Mr. Benjamin: Whoever said that?

Mr. Whelan: It used to be quite popular for members of your party to point out that Sweden had the type of environment every man should have.

[Mr. Whelan.]

Mr. Benjamin: How does that make it a Utopia?

Mr. Whelan: Well, I did not know the hon. member would admit he was not speaking of a Utopia when he mentioned the philosophy of his party. Let us make a few comparisons with Sweden and the way of life in that country. Dealing first with food prices for their standard of living, they are among the highest in the world.

• (1730)

An hon. Member: It must be the highest standard of living in the world.

Mr. Whelan: It is not any higher than ours. I quote from this article in the *Globe and Mail* of Thursday, May 25, as follows:

Food prices being the world's highest, it is all they can afford—especially since Swedes drink more hard liquor (at $12 a fifth for Scotch) than anyone else in the world.

The heading of the article is "Price of affluence is mental illness, Sweden told" and it has a subheading "Achievements in welfare, chilling aspects of 1984." It continues:

This is the reality of modern Sweden, Europe's most affluent country, where a recent psychiatric report commissioned by the government confirms the image of a harsh and ruthless society which asks its citizens to sacrifice their mental well being by working ever harder to pay for exorbitantly priced apartments, a car, television repairs and two weeks on a packaged holiday if they can afford it—and many can't.

The sombre study was prepared by Dr. Hans Lohman, one of Sweden's top experts in psychiatry. It was commissioned by parliament because of spiralling health costs as the number of in-patients admitted to mental hospitals spiralled from 73,000 in 1969 to 83,000 in 1970.

They could not stand the high cost of their high standard of living.

The report stated that the number of out-patients was considerably higher in a country with only 8,000,000 inhabitants.

In his effort to maintain Sweden's high living standards, the worker is called upon by the country's technocrats to be competitive; and feels ashamed if he cannot keep up and "do his duty," Dr. Lohman said.

More and more citizens in fact cannot keep up as the planners demand even higher economic growth to pay the cost of looking after those who faltered along the way. But as the dropouts increase, more growth is needed, which results in more dropouts—and so on, the report stated.

The role of the Swedish woman is far more difficult—

I am sure the hon. member who proposed the motion will be interested in this article.

Mrs. MacInnis: I am listening.

Mr. Whelan: It continues:

—is far more difficult than her husband's and probably impossible, the report continued. Many urban women have fulltime jobs in Sweden because their husbands' pay cannot meet prices in the world's second most expensive and heavily taxed country.

But at the same time she is expected to comfort cranky children when she comes home from work, provide tasty meals, clean the house and then be a good bedtime partner. Experts believe the typical young married couple make love as seldom as twice a month, if the statistics are to be believed. They think it is because the women are simply too tired, and perhaps the men, too.

I suggest it may be because they are eating food that does not have the proper nutrition to overcome their fatigue. Mr. Speaker, I will give a few more figures on the high standard of living in Sweden. Incidentally, considering the cost of Scotch there, I could easily become a prohibitionist if it cost that much in Canada. Another report reads:

> The rising taxes to support all this, however, have most Swedes wobbling. For example, the value-added tax, which is piled on top of all other taxes, was recently increased by four percentage points to 17.65 per cent. Partly because of this cost prices of most goods and services are soaring. Some cigarettes cost $1.40 a pack, eggs $1.20 a dozen, hamburger $0.99 per pound and filet mignon $5 per pound. Increasingly Swedes are making do with items at the lowest end of the price scale: potatoes, carrots, cabbage and spaghetti.

I could read further from this article, but it seems clear that the price of affluence in Sweden is too expensive for many people. More and more of them are filling mental institutions.

Let us compare food costs in Canada with costs elsewhere. I have made comparisons with other countries. Many people say they would like the standard of living they have in Sweden, but just compare the prices quoted in that article, Mr. Speaker. You can see that Canadian consumers are the luckiest in the world, and I say this with full knowledge of the cost of food in the United States which is slightly below ours. But it must not be forgotten that the United States treasury in many cases contributes to producers over 25 per cent of what they receive for their produce. This comes out of the tax dollar. Add all that up and it is clear that consumers in the United States are not getting as good a break as consumers in Canada. Our producers are producing without as much aid.

Canadian producers are among the most efficient in the world; they are more efficient than any other part of our society no matter what kind of production they are involved in, be it government administration, automobile production or whatever else you want to mention. No group has become more efficient and productive than the group which is producing food for human and animal consumption in Canada.

The Acting Speaker (Mr. Laniel): Order. I regret to interrupt the hon. member, but the time allotted to him has expired.

Mr. Lorne Nystrom (Yorkton-Melville): Mr. Speaker, as a Canadian of Swedish ancestry it gives me a great deal of pleasure to follow the hon. member for Essex (Mr. Whelan), the twice-a-month man who was concerned about sex and whisky in that country. I remind the House that the Swedes still have by far the highest standard of living for the working man of any country in the world.

Mr. Olson: That is not right.

Mr. Nystrom: In rising to participate in this debate I support wholeheartedly the motion of the hon. member for Vancouver-Kingsway (Mrs. MacInnis) dealing with the high cost of food and the excessive profits being made by chain stores. I note with a great deal of concern, but not surprise, the apologetic speech of the minister from Calgary. He apologized for the chain stores with crocodile tears in his eyes, saying that their profits were by no means excessive, that they were indeed small, that we should not attack these people in our society but should leave them as they are.

I shall spend a few minutes speaking about the interests of other people. I will let government members talk about their friends, the corporations and the chain store people. I want to talk about the consumers and farmers because they are on the short end of the stick. I grew up on a farm. I remember wondering, as a small child, why the farmer received such a low price for his product, whether it was bacon, eggs or wheat, and why he had to pay such a high price when he bought the same product in a store. Despite the fact that food prices have been rising, it is not the farmer who has been getting more money. Indeed, over the last number of years the farmer has been receiving less while the price of food has increased.

• (1740)

I should like to put on the record some statistics to illustrate my point. According to the Department of Agriculture, in 1949 $1.5 billion was spent by consumers on food; of that the farmer received 57 per cent and the marketing share was 43 per cent. Twenty years later, in 1969, the consumer spent $6.2 billion on food and the farmers' share was 45 per cent. I am told by agricultural economists that in 1971 the farmers' share was probably closer to 40 per cent of the consumer dollar. So it is certainly not the farmer who is getting the money. It is obviously going to the middleman and the food companies for advertising, promotion and profit.

I should like to give a few specific examples of what the farmer receives for certain products. For the wheat that goes into bread, from 1950 to 1959 the farmer received 15 per cent and the marketing companies 85 per cent. From 1960 to 1969 the farmer received only 13 per cent. In other words, if the consumer paid 30 cents for a loaf of bread the farmer received 3.9 cents. For fluid milk, from 1950 to 1959 the farmer received 55 per cent of the consumer food dollar, and from 1960 to 1969 his share had decreased to 52 per cent. For potatoes, from 1950 to 1959 the farmer's share was 52 per cent and for 1960-69 it had decreased to 41 per cent. For canned tomatoes, for 1950-59 his share was 20 per cent and for 1960-69 it decreased to 19 per cent. In 1971 farmers received 25 per cent of the money spent on fruits and vegetables. For bakery and cereal goods his share was 21 per cent of what the consumer paid.

In the May, 1972, edition of *Reader's Digest* some figures were published which had been compiled from the consumer price index, the Ontario region of the National Farmers Union and farm marketing boards. They show that in 1971, if a customer paid 21 cents for a 16-ounce loaf of bread the farmer's share was two cents, the remaining 19 cents going to the food company, the food processors or manufacturers. For a pound of pork which sold in the supermarket for 59 cents to 65 cents, the farmer received 22 cents. For a dozen eggs sold at 47 cents a dozen, his share was 25 cents. On a 48-ounce can of apple juice selling for 40 cents, the farmer's share was seven cents. For a quart of milk sold at 35 cents, the farmer's share was 17 cents. You can see, Mr. Speaker, that it is certainly not the farmer who is benefiting from the sharp increase in the price of food.

This morning when I was doing some research I phoned one of my constituents who is in the poultry and egg business. I was told that grade A large eggs cost about 25 cents a dozen to produce on the farm. This farmer does the grading, etc., and receives only 17 cents a dozen for them, while in a shopping centre in Yorkton the price is 54 cents. If the farmer were to sell the eggs without grading he would receive about 12 cents a dozen, and that is an increase over last year when he got eight cents. This constituent told me that chickens, for which he receives 22½ cents per pound, are sold in the store at 89 cents a pound. This, again, points out who is making the money.

I would now like to deal with the income of the farmer and illustrate what has happened over the last few years. The price the farmer receives today for a bushel of wheat is less than he received in 1949, despite the fact that the cost of a loaf of bread has skyrocketed in the same period. According to statistics from the Department of Agriculture and Statistics Canada, in 1950-51 the farmer received $1.80 per bushel for corn and in 1971 he received $1.33. A bushel of turnips in 1950-51 brought him $1.75 and today he gets 35 cents, five times less than 20 years ago. For 75 pounds of potatoes he received $2.75 in 1950-1951 and today he receives $1.50. Twenty years ago he received 34 cents a pound for hogs and in 1971 he received 22 cents.

It can be seen that what the farmer receives for almost any commodity has decreased drastically over the last 20 years, though as all of us know the dollar today buys less than it did then. We find that total farm income in this country in 1970 was less than it was in 1968, when it was about $1,710 million. Three years later, in 1971, it was $1,573 million, this despite the fact that food prices increased by about 7.4 per cent last year alone.

When I telephoned the Department of Agriculture this afternoon I was told that according to a study made in Saskatchewan in 1966, which was a fairly good year for grain, the farmer cleared $8 an acre after expenses. Four years later, in 1970, he lost $4 an acre. Over five crop years this means that the farmer averaged 44 cents an acre despite the fact that food prices had skyrocketed.

While the farmer has been receiving less for his product, production costs have been increasing. According to the Barber commission report, the price of farm machinery increased by 85 per cent from 1949 to 1971 while the price received for the produce increased by only 3 per cent in the same period. As I said earlier, the price received for a bushel of wheat in 1971 was lower than in 1949. According to the Department of Agriculture, farm food production costs doubled between 1949 and 1969 while farm income from food in the same period increased by only 20 per cent. As a result, there has been a drastic drop in farm population from three million to two million people in 20 years. In the last five years the number of farms has decreased by 15 per cent in Canada.

Some hon. members from the cities might ask about productivity and suggest that the farmer is inefficient and deserves what is happening to him. That is not true. In this regard I should like to quote figures from Statistics Canada and other institutions to show that farm productivity is greater than in most other industries in this country. Using 1961 as the basic year with an index of 100, we find that in 1972 farm productivity had increased to 165.2.

In non-agricultural industries for the same period, productivity had only increased to 123.5. For farmers the rate has averaged 4.8 per cent per year, whereas for the non-agricultural industry it has averaged only 2.6 per cent per year. We must therefore contrast 4.8 per cent with 2.6 per cent.

• (1750)

The farmer is most efficient, yet his income from farm commodities is proportionately lower now than it was many years ago. For instance, we find that in the period 1960-62 one farmer supported 30 other people with the food he produced; in the period 1968-70 he supported 42 people. This represents an increase in efficiency; he supports 12 more people. Again, if I may refer to the Barber commission report to show that the farmer's productivity is greater now than it was a few years ago, it will be seen that in the period 1910-14 it took the farmer 15.2 hours to produce a bushel of wheat, in the period 1935-39 it took him only 8.8 hours and in the period 1963-67, 2.9 hours.

Clearly the productivity of the farmer has increased. He has become more efficient in food production. This is shown if one studies all other farm commodities. For example, with regard to milk, in the period 1935-39 it took the farmer 148 hours to produce the same amount of milk that in the period 1963-67 took only 84 hours. The farmer has become most productive. On the other hand, his costs have sky-rocketed and his returns have gone down. He receives a lesser proportion of the consumer food dollar now than he did a few years ago, yet food prices have gone up dramatically.

I say that the farmer has put in his work and the consumer must pay the bill. Yet it is the food conglomerates and chains which are reaping all the profit. The Garfield Weston Company controls or has interests in over 60 companies in this country. These are the people who make the decisions. There is not competition, Mr. Speaker; there is a near corporate monopoly in this field. The Weston company has interests in Dominion Food, Loblaws, Lucky Dollar stores, E.B. Eddy, Weston Foods, Westfield-Foods, and on and on it goes. One could hardly begin listing the companies with which the firm is involved.

I say on behalf of our farmers and consumers, let us investigate this state of affairs. If the minister suggests there is nothing to hide, why is he afraid of an investigation? I maintain he is sticking up for his friends, the corporate elite of this country and the Conservative party is shyly on the side, behind the curtains, approving and saying, "We, too, are more interested in the food company than in the consumer or the farmer."

Mr. Murray McBride (Lanark-Renfrew-Carleton): Mr. Speaker, I find it a real pleasure this afternoon to take part in this crucial and important debate that touches two segments of our society in whom I believe the House is vitally interested. I am referring to the consuming public on the one hand and to the farmers, the producers of food, on the other.

I think this debate has fastened with the strength of a vice-grip, so to speak, on one of the most crucial problems of our culture, a problem to which the government and

other agencies are addressing themselves with a high degree of priority, namely, how to serve the best interests of Canadians by producing wholesome, properly balanced diets and crucial foods and at the same time keep a sizeable segment of our population in the primary business of food production so that we may retain our national independence and autonomy in the field of food production. I shall make a few general statements and go into more detail later.

First may I underscore a conviction I have voiced in this chamber on numerous occasions. The higher cost of food in Canada is not reflected directly in higher incomes for farmers. May I put some statistics on the record to demonstrate this. At present, 41 cents of every dollar spent on food in Canada finds its way into the pocket of the farmer. He gets 41 per cent of our food dollar; the other 59 per cent, or 59 cents, more than half the food dollar, goes into the pockets of other middlemen or "in between" individuals. The farmer's income is declining; that is the present trend. That is to say, the proportion of the food dollar entering his pocket is declining. In 1950, 22 years ago, approximately 58 cents of each food dollar went to the farmer. Today, 41 cents is paid to the farmer. There has been a decline in 22 years of 17 cents per dollar paid to the farmer.

Two causes, among others, must be considered when dealing with this fact. First, more and more Canadians are eating out, thus pushing up the retail price of food. That has been the significant trend in our culture. I will not give details of what I mean at present. Second, many Canadians buy what are known as convenience foods. So in a very real sense their ability to pay for services rendered in preparing the food so that it is ready for serving on the table or for placing in the oven results in food prices being increased without comparable increases finding their way into the pockets of the farmer.

In a real sense, the affluence of our society is driving up the price of prepared food, without helping the producers of food. That is one of the questions to which we must address ourselves. As more and more foods are sold in advantageous, pre-cooked and packaged forms, the selection of wholesome foods in the non-prepared state is diminished. Those in our culture who earn the lowest incomes can least afford the luxury of paying for their kitchen work to be done in a factory; they cannot afford to purchase prepared foods. Since they cannot pay for work done in factories in preparing the food, and since this work drives up food prices, the poorest strata of society is victimized by the affluence of our society. This has affected the eating habits of those who are poorest in our nation. So in a real sense, two seemingly disparate segments of our society are affected. The poorer consumer is being victimized by increasing prices, and the farmer is carrying on his shoulders an undue proportion of the burden of our cheap food policy, if one can call it that, a policy aimed at the economical production of food in Canada.

May I continue at eight o'clock, Mr. Speaker?

The Acting Speaker (Mr. Laniel): Order, please. It being six o'clock, I do now leave the chair. The House will resume at eight o'clock.

At six o'clock the House took recess.

AFTER RECESS

The House resumed at 8 p.m.

Mr. McBride: Mr. Speaker, when the House rose at six o'clock I was referring to the fact that several different trends have converged and all bear some influence on food prices. As Your Honour will recall, earlier in my speech I referred to the increased productivity of farmers. For example, in 1955 one farmer produced enough food to feed 33 people. If my figures are accurate, in 1971 one farmer produced enough food to feed 42 people.

For a long time there has been a remarkable trend toward greater efficiency in food production on the part of farmers and primary producers. At the same time and concurrent with that increase, income in Canada and the very modest price of food have resulted in another very interesting trend. For example, in 1948 it took 40 per cent of the average Canadian's budget to put food on the table. That has now dropped to 18 per cent. Less than half the proportion of money is needed out of the take-home pay of Canadian people to put food on the table today than was needed in 1948. This means that Canadians have an increasingly larger segment of their income to spend on other goods and services.

There is a real sense in which food is not a major cost to many Canadians—this is the point I was coming to when we rose at six o'clock—but if you happen to be a Canadian with a fairly low or very low income, food is an important budgetary item. Although it may only take 18 per cent of the budget of the average Canadian, there are a large number of Canadians for whom it takes a much larger slice. It is these other Canadians, not the affluent or the average but the lower income Canadians, about whom we must be most concerned when considering the motion before us today.

The report of the Senate Special Committee on Poverty has some interesting things to say. I want to quote a few sentences which bear directly on the point I am making. This passage deals with poorer Canadians.

Consumers today face a bewildering array of choices. Consumer-durable goods in particular have become complex, and many of the once-simple food products come now in various stages of processing, in different packages, flavours, and quality.

• (2010)

That is the point I was making earlier in my speech. I continue to quote from this report at page 106.

The poor are often handicapped with respect to purchasing power by lack of education, experience, information, training, and opportunity as well as by lack of ready cash. "Best-buy" decisions depend not only on information about quality and performance, but also on a comparison of prices in different kinds of stores in different locations. To get this information takes time, effort and money. Because of transportation expenses or credit difficulties, the poor cannot shop around. As a result, they shop in small neighbourhood stores where prices are higher, and selection is limited—but where delivery service and credit are available.

The elderly poor, unable to walk far or carry bundles or afford a bus would be an outstanding example of this group. They are truly trapped.

The report continues:

The elderly poor find it difficult even to buy small portions of food suitable for one or two persons. Alarming numbers of the elderly are poor, and their problems are special. Some have

always been poor, and advancing age magnifies their problems because they are less able to support themselves adequately. There is an increase in the need for such services as taxis, drugs, medical and dental care, and hospitalization or home nursing care. As consumers, the elderly are further crippled by these extra demands on their already inadequate incomes.

Buying food is the major difficulty faced by the poor. This is their largest and most regular outlay. The object should be to buy economical foods which will provide a reasonably balanced and nutritious diet. But, handicapped by the lack of information and mobility, the poor tend to concentrate too heavily on cheaper, starchy foods to the neglect of protein and vitamin-enriched foods; or they may buy the more easily accessible, expensively processed and packaged foods.

This, again, underscores the dilemma of our times. While we are putting a larger portion of the food dollar into the packaging and marketing of foods, the advantage goes to the better-to-do and those who wish to have more free time in which to enjoy the pleasures of our society and culture. It means there are fewer economically priced food products on the market.

Turning to another aspect, I think it should be pointed out that the low prices received by farmers in this whole food production and consumption cycle are sometimes, to a great extent, the fault of farmers themselves.

Egg producers, for example, have been getting an extremely low income lately and many of them, especially in Ontario, have suffered severe financial loss. However, the problem has arisen partly because the egg producers themselves have been unable to get together. Every other segment of our society organizes itself and is thereby able to lay claim to a larger slice of the economic pie. This has not been true of farmers; farmers have not organized themselves as well as they ought. I again make an appeal which I have made many times in this House before, for farmers to organize themselves and get the larger portion of the Canadian dollar which is their due.

The question which really ought to be before us this afternoon is: Should Canada have low-priced food? If the answer is yes, we must then ask ourselves on whose shoulders the effect of these low prices rest; should it be on the shoulders of the farmers only, or should it be spread more generally throughout the community?

I ask myself whether it would not be better to establish a minimum income level for all Canadians, thus avoiding the situation in which too many food producers are forced to accept a sub-minimal or mini-income. Many farmers speak to me in somewhat bitter tones. They feel governments are more interested in the large segments of voters who are located in the cities and towns—that they are not prepared to listen to farmers. Yet the record of legislation of governments, certainly the present one, would refute that contention.

I believe the government must avoid getting into the position of being either for the farmers or for the consumers. It is not a question of farmers versus consumers. Farmers must be in a position where they can expect a reasonable income from an occupation which is honourable and valuable. The government should be concerned that there are not two victims here—those who are poor and who suffer because of high food prices, and farmers who are not getting a proper return for their labour. It seems to me the best advice I could give, since food is already being produced very economically, would be that farmers organize themselves to take a better place in the marketplace, thereby ensuring themselves of a fairer return.

[Mr. McBride.]

Mr. R. Gordon L. Fairweather (Fundy-Royal): Mr. Speaker, this motion in the name of the hon. member for Vancouver-Kingsway (Mrs. MacInnis) has resulted in an interesting debate on an important subject; but the motion has been spoiled, for me, in at least two ways. I do not think it is really within the realm of practicality to expect that a special committee could report on this issue in a useful way by June 26. It is not in the nature of the study which would have to be made. In the second place, it is not the supermarkets which are responsible for this entire problem—I admit the resolution does not say they are—although they are, perhaps, a convenient whipping-boy.

In my opinion, the remarks of some of my colleagues who have taken part in the debate were spoiled, if I may say so, by a convenient and lazy resort to slogans. In a way, slogans spice the language of debate but they do not make for clarity of discussion. I really do get tired of hearing terms such as "corporate elite", "big business" and other hackneyed shibboleths which really throw no light on the difficulty we are facing.

The issue we are discussing here is, surely, the cost of food. Another area of concern is the small share of the price which accrues to the primary producer. We have heard some interesting comments from both sides of the House about the increase in productivity of the farmer. A further consideration is the disparity between food costs in various parts of Canada. I shall discuss this aspect in a minute or so. Then there is a subsidiary issue which is very much in the minds of some of us lately, the attempt on the part of the government to negotiate wage contracts on the basis of regional rather than national wage scales.

I should like to call attention to an interesting juxtaposition of articles which comment on this trend. In today's *Globe and Mail* appears a news story that has already been alluded to. A special survey has been conducted showing a wide spread in prices between the Atlantic area and Ontario. The Canadian Press report reads as follows:

• (2020)

Montreal and Toronto, Canada's largest urban centres, have the lowest retail food prices in the country—

The basis for this statement is the annual special survey of retail prices conducted by Statistics Canada. The article continues:

The survey found that food prices in Montreal and Toronto were one per cent less than in Winnipeg. But food prices in St. John's, Newfoundland and in Halifax were 9 per cent more, making for a 10 per cent spread over Montreal and Toronto prices.

Then follows some additional interesting data to be found in the special survey on retail prices. Curiously enough, in today's Ottawa *Journal* we find an article headed "Reversing an old trend; civil service moving toward regional salary rate system". The article reads in part:

More and more, the trend in public service pay is away from a flat national scale to regional rates.—

Then follows a report of a discussion with the President of the Treasury Board (Mr. Drury) in which he makes

what I think is an unpleasant reference to the difference in rates of pay between a postal worker in high-pay British Columbia and what he calls the "mailman in low-pay Buctouche, New Brunswick, doing the same job", and who was just about "the highest-paid guy in town". I have just quoted some figures relating to the highest paid guy in town, the town being Buctouche, New Brunswick, and I must say it is somewhat discouraging to hear these most disparaging remarks about those who for one reason or another choose to live in Atlantic Canada. The story in today's paper clearly points out that there is a 10 per cent differential in the rate of pay of that highest paid guy in Buctouche and his brother worker and fellow Canadian in Montreal or Toronto.

A most interesting paper on the subject of national rates of pay for employees of the government of Canada has been prepared by Mr. T. J. Dooling, a service officer of the Department of Public Works component of the Public Service Alliance of Canada. The paper is dated November 30, 1971. Although I do not have much time left, I should like to make a couple of references to it. On page 2 of the paper Mr. Dooling states:

> According to "Interregional Disparities in Income" prepared by S. E. Chernick for the Economic Council of Canada, time has had little or no effect on the actual increase or decrease in disparities. To quote from the conclusion of this study: "Taken as a whole, the analysis emphasizes the significant disparity in per capita income levels from the various regions and sub-regions in Canada. The disparity is somewhat greater in terms of real income comparison. While the degree of income disparity in relative terms has varied with changing levels of economic activity, the longer-run tendency, over a period of roughly 40 years, has been one of little or no change.

On page 6 appears a quotation from the hon. member for York-Simcoe (Mr. Roberts):

> After a century of growth, almost one quarter of our families in Canada are living at or under the poverty level. Our past programs have treated the symptoms of poverty rather than the disease.

Lastly, a quotation from the Leader of the Opposition (Mr. Stanfield):

> Virtually every department in the federal government is involved in the problem of regional disparity.

The point, surely, is that virtually every department is engaged in tackling this problem, but one that is not is obviously Treasury Board which is busily negotiating staff salaries on the basis of institutionalizing by contract the disparity in wages that DREE and other departments of government are trying so hard to end.

It is a little unfair to get away from the main thrust of the hon. lady's motion, which relates to the high cost of food, but I did think it relevant at this stage to mention the continuing disparity not only in the cost of food but in incomes in the Atlantic provinces that are available to buy this food. I often think that we in this country are in danger of what one of my friends has called galloping provincialism, which is a subject perhaps for another debate. In view of the evidence presented by government departments, cabinet ministers and members of the House, I think it is wrong for one department of the government to try to ignore that evidence and build into contract negotiations a continuation of some of the very disparities that so many segments of the government are trying very hard to bring to an end.

Increasing Food Prices

Hon. H. A. Olson (Minister of Agriculture): Mr. Speaker, I intervene in the debate only briefly this evening in view of what I think is really a hypocritical position that is taken by the New Democratic Party in the way it has put this motion together. This motion says nothing about other components in the cost of living index, and this in spite of the fact that since 1961, the year upon which the cost of living index is based, in some cases food has gone up by less than two-thirds as much as some other component parts of the cost of living index.

I believe that it is a disservice to Canadian farmers and other food producers to single out food as the major culprit in the increase in the cost of living. This is especially so when we are just coming through a period when for severals year the primary producers of food have been having far too low a return for their products.

Mr. Woolliams: Nobody has said anything to contradict that.

Mr. Olson: The motion alleges that the government has failed to cope with the problem of steadily rising food prices. The hon. member for Brandon-Souris (Mr. Dinsdale) who spoke earlier today apparently set out the position of the Conservative party and exonerated everybody in the food processing and distribution chain. So what does it come down to? It must mean that that party believes the increase the primary producers have received during the last few months is the cause of this increase in the cost of living.

Mr. Fairweather: You know that is not true.

Mr. Olson: The hon. member can read his argument tomorrow. He exonerated the retailer, he exonerated the processors and he exonerated a lot of other people. He said the increase was all because of taxes.

Mr. Woolliams: Do not misquote him.

Mr. Olson: That was the major thrust of his speech.

The Acting Speaker (Mr. Boulanger): Order, please. So far I think we have had a very interesting debate.

Mr. Fairweather: The minister is not quoting accurately.

The Acting Speaker (Mr. Boulanger): Order. We have had a very good debate so far and I ask hon. members to allow the minister who has the floor to continue his speech.

• (2030)

Mr. Olson: Thank you, Mr. Speaker. I remind hon. gentlemen opposite that I sat very quietly while their speeches were being made, even though I disagreed with them. It might be interesting to point out that I was sitting in my seat when the hon. member for Brandon-Souris was making his speech. Neither of the hon. members opposite who are complaining now were in their seats, so how do they know what was in that speech? They were not in the House.

Food prices in retail stores have advanced about as much as the general average price increase to consumers for goods and services. Up to March, 1972, the food com-

ponent of the consumer price index was 137.1 based on 100 for 1961, as compared with 137.4 for all items in the index. In other words, the food component in the cost of living index was slightly less than the average of all components. So now the NDP single out food as the culprit when there were such things as that part of the index defined as services, which stood at 148.5. Why do they not mention the real culprits of the piece instead of singling out farmers every time?

We heard the same kind of unfair argument back in 1965 when food, based on 1949, showed the lowest increase of any major component in the cost of living index. Yet these members spend all their time singling out food as the culprit. It should also be drawn to their attention that the average for the year 1971 food price index was 131.4 on the basis of 100 in 1961, but the index for prices received by farmers in that year was 112.5. Now hon. members complain because farmers are getting a little better deal as a result of action taken by this government, and complaining about it since it is reflected in prices, when in the kind of economy we have it obviously has to finally find its way into the price of food.

An hon. Member: You are building up straw men.

Mr. Olson: I am not building up straw men; I am destroying some, or at least that is what I am trying to do. I have not heard the hon. member for Saint John's East (Mr. McGrath) defend the fishermen, because since this government came to office, for the first time in history fishermen have had some justice in the returns for their products; and that is also included in the food component of the cost of living index. I should think the fishermen would want that position defended rather than have this kind of thing going on.

It has been well established by some hon. members on this side that the portion of the disposable income of Canadians spent on food is the lowest in the world. As was pointed out by the hon. member for Lanark-Renfrew-Carleton (Mr. McBride) only a few minutes ago, it is down to around 17 per cent or 18 per cent in this ratio. What is more important is that it takes less time today for a Canadian, in terms of hours of work, to buy the weekly food basket than for anyone anywhere else in the world.

A comparison can be made as to the number of hours of work in the industrial sector required to buy a basket of mixed foods in various countries. This study has been made. A food basket that contains a wide range of commodities which go into the weekly shopping list can be bought in Canada, on the average, from the proceeds of five hours labour in the industrial sector. That is the lowest number of working hours of any country—and the study included Belgium, Denmark, Italy, Sweden, the United Kingdom, the United States and West Germany, the most advanced industrial countries in the world. In Canada it was five hours; in other countries it was much higher. Even in the United States it was 5.9 hours, and it went up to a high of 24 hours in Italy.

This is the kind of contribution the farmers and the food processing industry have made to Canadian society. In spite of all this, farmers are singled out as being the culprits in the situation we have today. This is dishonest and does a disservice to the farmers of this country, and I believe this kind of hypocrisy ought to be exposed from time to time.

Let me point out what I mean by hypocrisy. I would not be surprised at all that if the opposition had an opportunity next week to move another motion they would say something to the effect that in the opinion of this House the government had failed to cope with the problem of farmers receiving adequate prices for what they produce. The opposition has already done that once or twice. To make things even more confusing, the hon. member for Brandon-Souris exonerated everybody in the processing and distribution chain. There are very expressive words for that kind of stand taken on both sides of the fence, right, left and in the middle all at the same time. The farmers of Canada will understand this because they now have received some justice.

Mr. Woolliams: They will love you.

Mr. Olson: In the last few months there have been increases in the price of some commodities to the farmers of this country. Pork is a good example, as are milk products and fish. If political parties opposite are going to draw public attention to this fact and complain because these people are getting a little more justice in the prices they receive, it is time we exposed this type of hypocrisy.

They complain because there are some people in Canada who have an inadequate diet. Studies have been made from time to time which indicate this is true. What hon. members fail to say is that the inadequacies of a balanced diet, according to experts on nutrition, has very little or nothing to do with the level of income. The hon. member for Essex (Mr. Whelan) pointed out that there are very serious inadequacies in the balanced nutritional diet of many people who can afford to buy all the food they need and, indeed, eat far more than they ought to in total.

That happens to be the fact, but hon. members opposite do not mention it. They weep alligator tears and argue that this is something which must be corrected. We know that hundreds of thousands of Canadians do not eat properly balanced diets, according to nutritional experts, but this is certainly not because the price of food is too high. There is good, wholesome food in Canada in adequate quantities for anybody who chooses to use his disposable income to buy that food.

An hon. Member: What happens to the money?

Mr. Olson: Some of the money goes in some of these other cost of living factors which members across the way do not have the decency to mention. Some of these cost of living factors have gone up 150 per cent.

An hon. Member: Such as government spending.

Mr. Olson: Members of this government recognized long ago that there were some people caught on fixed incomes and that any change in the cost of living had an adverse effect on them in that it lowered their standard of living. That is why in the budget which was brought down a few days ago some very important steps were taken to correct this situation for a large number of Canadians on fixed incomes. This was done by increasing pensions. Many things have been done for the farmer to increase the price

he receives and thus his income. I certainly hope this government will not take steps which will in fact reduce the return to our primary producers, namely, the farmers and fishermen.

• (2040)

Mr. Speaker: Order, please. Is the hon. member for Assiniboia (Mr. Knight) seeking the floor on a point of order or a question of privilege?

Mr. Knight: Mr. Speaker, would the minister entertain a question?

Mr. Olson: No, Mr. Speaker. There is not sufficient time. Our time is limited. However, if I have finished before my time is up, I will entertain a question by the hon. member.

An hon. Member: Chicken.

Mr. Olson: No, it is not chicken. These hon. members are not only interested in using their own time to spread this unfair kind of information they put forward; they want to pirate my time as well. Let us consider very briefly some of the commodities. What are they complaining about? Are they complaining about the price of pork? Are they complaining about the price of potatoes or the price of grain, fish, fruits and vegetables? If that is what they are complaining about I would remind them that all through 1971 the producers of pork in Canada received for it less than the cost of production. The government recognized this and made an offer of $24 million in deficiency payments to make up the difference. Now these producers are getting some justice from the marketplace. Some members try to downgrade the fact that they are entitled to this.

Are they talking about poultry? The poultry producers of this country in my opinion are still receiving far too low a price for the eggs, broilers and turkeys they produce. Within the next few days we will be assisting them to correct this situation. I hope no one will come into this House and complain about the fact that they are finally receiving some justice from the marketplace. For far too long the primary producers, both farmers and fishermen—

Mr. Speaker: Order, please. The minister has another 30 seconds or so before the expiration of his allowed time. The Chair, and perhaps some hon. members, would like the opportunity to hear what he is saying.

Mr. Olson: Mr. Speaker, in conclusion I say that the primary producers, both farmers and fishermen, of this country for far too long have been receiving an income which is less than the national average. It is substantially less than that which other sectors of the economy have received. The government will continue its efforts to improve this situation.

[*Translation*]

Mr. Réal Caouette (Témiscamingue): Mr. Speaker, I listened with great attention to the Minister of Agriculture (Mr. Olson) who has just told us that primary producers in Canada do not receive the income which they deserve. This is not the purpose of this motion at all, but I noticed in passing that the minister said farmers would remember what the government had done. It is precisely because farmers remember that the government is afraid to call an election at this time.

Mr. Speaker, this does not mean that I support the motion presented by the hon. member for Vancouver-Kingsway (Mrs. MacInnis), which reads as follows:

That, in the opinion of this House, the government has failed to cope with the problem of steadily rising food prices, which seriously affect Canadian living standards—

It has been said before that the high cost of living was not due only to the rise in food prices.

I quote again:

—or with the fact that supermarket profits have increased simultaneously at an unprecedented rate—

Mr. Speaker, it is true that the profits of supermarkets have risen considerably. However, it is also true that ten years ago, the total sales of supermarkets came up to $100,000 per year, and that their profits were in the order of 10 per cent. In fact, it was rather millions of dollars, but let us only take as an example a figure of $100,000.

Today, the sales of supermarkets are more than five times as much. This means that the sales of supermarkets come to over $500,000, and even if the percentage of profits has diminished by about 3 per cent, they are nevertheless making higher profits, namely $35,000,—that is 7 per cent of $500,000—as compared with $10,000. It is clear that profits have gone up because sales have been larger.

Mr. Speaker, the motion of the hon. member for Vancouver-Kingsway contends that food prices have drastically increased; they have not increased more than in other sectors, a fact that the New Democrats are presumably prepared to acknowledge. However, I would have liked to find a concrete proposal in the motion. What to do then? Control prices? Nationalize supermarkets, as the New Democrats seem to suggest in their platform? Many countries have proceeded with the nationalization not only of supermarkets but also of flourishing industries which took nothing away from anybody but which allowed everybody to get something.

When I went to Czechoslovakia, I had the opportunity of visiting ghost plants—

An hon. Member: Here we go again!

Mr. Caouette: —the BATA plants, that used to manufacture footwear. I remember that in 1934, when BATA was a private enterprise, those plants could have supplied the whole world with shoes. But today those plants are closed down. The company no longer exists and the government was unable to keep up their production.

Mr. Speaker, there is an example of nationalization. Private enterprise was abolished and in so doing the wings of private personal initiative were clipped because, without ambition the individual dies—there is no doubt about that—and if hon. members of the New Democratic Party do not know that, let them look at what goes on in those countries they so often like to quote as examples; they will see exactly what happens.

However, are we going to suggest price controls? If we set up price controls, we might as well control wages—

Mr. Benjamin: Whose wages?

Mr. Caouette: —and prevent all salary increases. Let's freeze all wages including those of hon. members.

Mr. Speaker, we have known price controls during the war when the government had frozen wages, retail prices, and so on. We even gave out ration coupons at the same time we set up price controls. With ration coupons you could get butter, coffee, jam, tires, cars, clothes and what have you. According to the value of the coupons you could get the commodities at prices set by the government, through the price board.

• (2050)

But, Mr. Speaker, while you could not get more than what your coupon allowed, at a controlled retail price, you could obtain anything on the black market, either sugar, coffee, or any other good item which was subject to restrictions. You could not get more goods than the number of coupons you had. Although sugar sold then for 8 cents a pound, you were able to get as much as you wanted at 20 cents a pound on the black market.

The same rule applied as regards cars and tires, as well as every item that was government-controlled. Should we go back to this price and trade control in peacetime? This would cause the black market to reappear, and the situation would be a hundred times worse than it is at the present time. An evil cannot be cured with a remedy which is worse than the evil itself.

Then, what do we say? It is quite easy to blame the giants, the supermarkets, as I said earlier. These supermarkets have increased their prices, just like in any other economic or business area. The hon. member for Lanark-Renfrew-Carleton (Mr. McBride) was saying earlier that in 1961, an average Canadian spent 41 per cent of his income on food, while in 1971, he spent only 18 per cent for the same purpose. By the way, the hon. Minister of Agriculture has just stated that perhaps it was only 17 per cent.

Mr. Speaker, I do not believe at all in these statistics. If average Canadians really spend only 17 or 18 per cent of their income on food, this means that they only eat sausages or hamburgers all year long, because no one could, at the present time, buy enough food with 17 or 18 per cent of one's income.

Take the typical case of a citizen who earns $60 a week for instance and who has two or three children at home. In cities like Montreal and Quebec we still find people who earn starvation wages of $60 a week. But 18 per cent of $60 is $10.80 exactly. What five-member family can live on $10.80 a week? We should not mock people in their faces, and I think this is what the hon. Minister of Agriculture did—

Mr. L'Heureux: We take the average.

Mr. Caouette: You take the average, yes, but some people must spend 50 per cent of their salary on food. You talk about the average, but some other people spend only 8 or 10 per cent of their income on food. These people cannot even buy the cloth around the bologna. These are facts. So, what are we going to propose?

It is all very well to submit notices of motions, with no solution. Let us carry out an inquiry, they say. I have no objection to inquiries, but not to control prices, salaries, even incomes of farmers, retailers, wholesalers, of all citizens in short.

What we suggest is payment of a compensated discount on retail prices which would increase the purchasing power of the consumer without taking anything away from him or increasing prices.

For instance, the federal government should pay a general discount on retail prices of food, clothing and all other products.

Let us take food for an example, since that is what is being discussed, and suppose a payment of 30 per cent discount. A family spending $30 a week for food, with a 30 per cent discount would save $9, therefore paying only $21, and the federal government would pay $9 to the retailer, representing compensated discount on the retail price. At that time, Mr. speaker, it would work out much cheaper for the Canadian government to grant such a compensated discount than to set up sundry commissions throughout the country and to appoint other agencies for the marketing of products.

It would then cost much less for the federal government, and consumers would pay less than what they are now paying.

I repeat that the average Canadian family only spends 18 per cent of its income on food. The man who earns $100 a week, for instance,—a minimum salary the establishment of which the three labour leaders of the province of Quebec are calling for—and who must feed five persons, will spend $18. With $18 a week, to pay for milk, bread, in short, for all the food needed by a family of five, it is impossible for any hon. member or anybody else to eat decently.

The Minister of Agriculture knows it as the hon. member for Lanark-Renfrew-Carleton who quoted statistics a while ago. Statistics are more or less valid. They seldom are correctly interpreted.

Mr. Speaker, we have already suggested the payment of a discount on retail prices. It was done in wartime for milk. As the retail price of that product was then 14 cents a quart, the federal government granted a discount of 2 cents a quart, so that the consumer only paid 12 cents. The 2 cents were paid to the dairyman.

Once again, Mr. Speaker, I repeat that the Social Credit party's proposal is relevant in any area, whether it be for instance, the clothing industry, the farm implement industry, the primary industry or the distribution industry. What we need is a compensated discount on retail prices which would permit the consumer to buy more and obtain better services. This would certainly encourage the primary producer who would increase his income by selling his goods more easily than at the present time.

This appears to me to be a logical solution; and, since it proved quite useful in time of war, I wonder why it could not also be used in time of peace as well.

I do not know whether the hon. member for Vancouver-Kingsway is willing to propose solutions, if ever a special committee of the House is established to investigate this situation, before June 26, 1972. It may seem somewhat early but, in any case, it is the most adequate solution

which is likely to help all at once the consumers, the producers, the distributors, the manufacturers and the people as a whole who contribute to the economy of our country.

If we could find this solution, I think we should have done a lot to help mankind.

[*English*]

Mr. Jerry Pringle (Fraser Valley East): Mr. Speaker, anyone who knows the hon. member for Vancouver-Kingsway (Mrs. MacInnis) cannot in any way doubt the sincerity she has displayed on many occasions in this House in endeavouring to bring forth for solution problems which affect our less fortunate people. But I am disappointed in this motion and could not support it for the very reason that it cannot be supported by the facts. In other words, what is contained in the motion simply cannot be substantiated. The motion reads in part:

—in the opinion of this House, the government has failed to cope with the problem of steadily rising food prices—

What about steadily rising costs? Has anybody ever mentioned steadily rising costs? We hear members of the NDP promoting steadily rising costs in many areas. Increases in costs which are not matched by productivity are inflationary. The money has to come from somewhere; the consumer is the only source and consequently we must have rising prices.

• (2100)

It is unfair to select food as a target, Mr. Speaker. I have been involved in the production of food most of my life and I know how tough it is to sell to the supermarkets which of course try to buy at the lowest possible price. I know the extent of their mark-up because I know what they have paid for the product. I carry no brief for the supermarkets, Mr. Speaker; indeed, I have bruises to show from my dealings with them over the years. But I think we should be fair.

A group supported by the NDP has published some vicious material attacking the Kraft Company in Ontario. It would be difficult to substantiate their allegations which could seriously affect the income of farmers in that area. The milk board is not an appointed body but is elected by the dairymen of Ontario to establish a price for their product which is sold to companies to make cheese. This group is supported by the NDP and—

Mr. Benjamin: I rise on a point of order, Mr. Speaker.

The Acting Speaker (Mr. Laniel): Order, please. The hon. member for Regina-Lake Centre (Mr. Benjamin) on a point of order.

Mr. Benjamin: Mr. Speaker, the hon. member for Fraser Valley East (Mr. Pringle) just referred to a document which he inferred was promoted or supported by the NDP. Would he please identify that document, who put it out and what it is?

Mr. Pringle: I will be glad to do that, Mr. Speaker. It is issued by "The men and women of the National Farmers Union" and it reads:

Boycott all Kraft products: Don't buy products sold under the Kraft brand name.

It begins with these words:

As members of the National Farmers Union, the largest direct-membership farm policy group in Canada—

That statement would be questioned in some areas, Mr. Speaker. I think it would be a good idea if it were read at the next NDP caucus. We cannot help but become alarmed when we read statements in *Hansard* such as that made by the hon. member for Vancouver-Kingsway on May 30. At page 2711 she is reported to have said:

For example, Safeway's profits rose by 40 per cent in the first three months of this year, the profits of George Weston rose by nearly 50 per cent and the profits of Dominion Stores by 300 per cent.

Three hundred per cent of what?

An hon. Member: Over the previous year.

Mr. Pringle: This is an unfair and vicious manner in which to attack people who are doing their best to distribute wholesome food, not brown sugar kept in an open drawer as I used to keep it, or raisins, figs or dried fruits, but properly packaged wholesome food. They operate under strict regulations laid down by the Department of Agriculture.

Mr. Speaker, in the first 12 weeks of this year the profit on the sales dollar in Canada Safeway Ltd. was 2.11 cents. Last year, which was a poor one because of price wars, the profit was 1.75 cents. This company has extended its operations to Europe and Australia. They do not say that their sales increased by $30 million, but anyone who knows about unit costs will realize that with an increase of $30 million the slightest increase in prices will realize more profit.

I am sure the hon. member for Vancouver-Kingsway will be glad to hear that just this week the company introduced a computer system and now all items in their stores in Vancouver will be priced on a unit basis. They were asked last year to do this by the Department of Consumer and Corporate Affairs and they have complied. I refer to this particular chain because its name has been mentioned, but I am confident that what I say is true of all other chains.

These companies have been investigated again and again. I have been very glad to participate in the investigations at times because I have been unhappy about the price they paid for the products I sold them. However, after every investigation they have been given a clean sheet because the unit profit on food in Canada is so disgustingly low. Of course, when you get into millions and millions of dollars in sales it does not take very much unit profit to make what appears to be a considerable amount of money. But, Mr. Speaker, wavering of only half a cent or one cent in the other direction will mean that the same amount of money is lost. I know of chain stores which lost $100,000 when they opened a new store before they started to make a profit.

Another point is that supermarkets have to reserve a very large amount of money because when they contract with labour they often are faced with retroactive payments. But of course they never get a retroactive price

increase. I think this is very unfair and I wanted to clear it for the record.

I appreciate that many speakers today have come to the aid of the farmer. I was interested in the speech of the hon. member for Yorkton-Melville (Mr. Nystrom), but I think he was not quite correct. He kept saying, "This is all that the farmer has left" and seemed to neglect the fact that the farmer has to meet all his expenses from the money he receives. The margin is not money in his pocket.

I should like to examine a few more facts, Mr. Speaker, though I have had to throw away most of my statistics because they have already been used. The average disposable income in Canada almost tripled between 1949 and 1959. According to the food policy booklet issued by the Department of Agriculture, it rose from $884 to $1,416 per person in ten years and to $2,398 per person by 1969. In contrast to income, food prices increased only by slightly more than half during the same 20-year period. The cost of meat, vegetables, fruit, milk, bread and other foods needed to feed a family of four for one week was $20 in 1949 and $24 in 1959.

• (2110)

In 1949 a man worked, on the average, 20 hours to feed a family of four for one week. In 1969, according to the latest figures, he had to work only 11 hours for the same end. So he now has to work 11 hours as opposed to 20 to feed a family of four for one week.

An hon. Member: How is the farmer benefiting?

Mr. Pringle: Like most consumers, our housewives have probably found that there is more income available to spend on food. One may assume that they buy more food, but this is not necessarily true since high income families usually buy more expensive foods such as tender steaks, greens and berries out of season, and so on. However, even though the housewife spends more on higher priced foods, the proportion of average disposable income spent on food in retail stores is smaller than ever. For example, in 1949 about 22 per cent of disposable income was spent on food and now only about 15 per cent is so spent.

Where does the money go? We know that some of it must go to the farmer who must be paid for growing food and raising livestock. We know that some of it goes to the man who sells the food, or to the chain store. What happens in between? Let us consider that labour costs have been increasing, and still are going up, up and up. They are not accelerating on a true percentage basis, since the latest increase is based on a percentage of the former wage which itself was based on a former increase. Also, transportation costs are increasing.

In addition to labour costs and other costs, raw material costs used for packaging are going up. The housewife today buys more so-called packaged foods or convenience foods. Hon. members can check this. More convenience foods than ever are being sold. I am talking of heat-and-eat items, TV dinners and prepared pies. The housewife at one time worked in the garden. She was the food processor in the home; she stayed at home and bottled and processed. Now she does other things. Now housewives eat lunch at the club and think of things to do in the afternoon. They do not process foods as they once did.

[Mr. Pringle.]

The Acting Speaker (Mr. Laniel): Order, please. I regret to interrupt the hon. member but his time has expired.

Mr. Eldon M. Woolliams (Calgary North): Mr. Speaker, I had hoped the Minister of Agriculture (Mr. Olson) would be in his place to listen to the very thoughtful speech of the hon. member for Fraser Valley East (Mr. Pringle) who I thought was fair in his summing up. Having listened to the debate today which involved members on all sides of the House, I think it can be said that nobody—I include the NDP particularly, my party and hon. members opposite—attacked the primary producer, the farmer, for what he is getting.

Some hon. Members: Hear, hear!

Mr. Woolliams: We are saying that food costs in Canada are high; that veterans, for example, whose benefits were recently increased by 3.6 per cent, are still struggling to make ends meet; that old age pensioners, whose pensions were increased by $2.88 a month, are still finding it difficult to pay food bills and live at standards we think are acceptable for Canadians; and that those on the guaranteed income supplement, whose maximum benefits increased from $137.70 to $150—about $13—still find it difficult to meet expenses. That is what we are saying.

I congratulate, at the outset, the hon. member for Vancouver-Kingsway (Mrs. MacInnis) for bringing this matter before the House, because the cost of food to consumers, particularly those on fixed incomes, is probably the most serious question facing Canadians today. We have heard much this week about foreign takeovers. Perhaps it is time to examine some chain stores. If the government is serious in its takeover policy and if it is not mere window-dressing, this would be a good area to examine. Perhaps a former Liberal, now a judge in Saskatchewan, Mary Batten, would conduct an investigation in this field. I think such an investigation would be worth while for Canadians.

An hon. Member: Now tell us about increased legal fees.

Mr. Woolliams: One of our difficulties in dealing with the situation is that the primary producer, the farmer, is not making enough income. Let us talk about the return he receives for his work.

An hon. Member: Tell us about increased legal fees.

Mr. Woolliams: I wish the hon. member would get off the pot. It seems that he has been on marijuana for so long that his head has gone funny.

Some hon. Members: Oh, oh!

Mr. Corbin: That was a most responsible statement, I must say.

Mr. Woolliams: Mr. Speaker, the hon. member is always talking. Let us consider the price of beef. The price to the farmer is between 31 cents and 38 cents per pound in the stockyards. And what does the consumer pay for beef?

An hon. Member: And for legal fees?

Mr. Woolliams: The price of hamburger ranges between 65 and 75 cents a pound. Liver costs between 80 and 90 cents a pound; roasting beef costs $1.20 a pound and more; even beef for boiling costs between 90 cents and $1 per pound. That is what we are talking about. We are concerned about food costs which the consumer, the man on fixed income, must bear. We are not saying that the farmer, the primary producer, is getting enough. Although we pay 90 cents per pound or more for liver, the top price for steers in this country—I checked this today—ranges between 34 and 38 cents a pound. If you compare the price of the steer per pound with the price of liver, hamburger or steak, you will find that there is a large difference. That is the problem.

Some hon. Members: Hear, hear!

Mr. Woolliams: Mr. Speaker, many of our difficulties stem from the government's decision to allow our dollar to float. We export many agricultural commodities. The government, by allowing our dollar to float, has not diminished the difficulties faced by our agricultural producers. With the floating of our dollar the agricultural producer receives less in the export market for his commodity. He gets less for his grain and for his beef because of our floating dollar. Yet the government has done nothing.

We are also concerned about the health and welfare of our senior citizens, veterans and others. The government has been so preoccupied with curbing inflation that it has created unemployment; people have lost their jobs. The kind of inflation which began under this government is continuing. Our people must pay high taxes in addition to high costs occasioned by inflation. The hon. member for Fraser Valley East touched on this subject. Let us consider for a moment—

An hon. Member: And legal fees.

Mr. Woolliams: —how this government has been spending our money. For 1970-71 the government budgeted for expenditures of $13,182 million, compared with $11,921 million for 1969-70. The increase is in the order of $1,260 million. Estimates for the various departments increased by between 23 per cent and 38 per cent. So government spending has been increased. We know that the cabinet was warned by Mr. Young that the real cause of inflation, or a major cause, is overspending by the government. That spending is driving up costs, increasing living costs and affecting food costs which the consumer must meet. That is what we ought to examine at this time.

Let us see how our tax dollar is spent. Since this government took office, it has financed its operations with deficits. Today 14 cents of every tax dollar collected from the Canadian taxpayer goes to pay interest on the national debt; 13 cents of every tax dollar goes on defence; 7 cents on transportation and communications; and on health and welfare, the biggest single item, the government spends 25 cents out of every tax dollar. What really concerns Canadians is the high cost of government.

An hon. Member: The hon. member speaks as a Conservative.

Mr. Woolliams: Oh, I don't know. Let us wait for the election. I think hon. members will find, when the election rolls around, that the people know that the number one enemy they must turn out of office is the Prime Minister (Mr. Trudeau) along with the puppets who follow him. That is what they will decide at the polls.

An hon. Member: The people will not go for puppeteers.

Mr. Woolliams: Hon. members talk about the high cost of living and the high cost of food. Well, let us examine this government's dairy policy and see what has been the result of the kind of quotas it has imposed on the dairy industry in western Canada. Today there is a shortage of butter. We are importing butter fron New Zealand and Australia. These are some of the problems. Not only has the government driven people out of the dairy industry but it has increased the price of butter and other dairy products to the consumer. This affects the people I mentioned in opening my remarks. These are the facts.

• (2120)

The real enemy of the consumer is the increase in government expenditures. This government has spent itself right out of the Gallup poll. That is what worried the Minister of Agriculture this evening. It was not that he was upset about the debate, or got sunstroke when he went to Medicine Hat last week and found things operating well. The real reason is that the Gallup poll shows that the Liberals are slipping because they have not come to grips with any of our problems. Nothing has been done with regard to the high cost of food and the high cost of living.

I want to turn now to another subject. The hon. member for Fraser Valley East talked about transportation costs. Ever since the Railway Act was amended by the Liberal government and the new transportation commission was set up which enabled the railways, except for the Crowsnest Pass freight rates, to increase freight rates from eastern to western Canada, and from eastern Canada to the Maritimes and vice versa, the cost of living has spiralled in all areas.

A former minister of transport, Hon. Jack Pickersgill, has not done anything to stop the increase, nor has the federal Liberal cabinet stepped in to prevent this discrimination in freight rates for the west and the Maritimes. It has been said that Canada is held together by its transportation system. It is one of the cornerstones of confederation at which this government has chipped away until we can now see that the whole question of freight rates is in a chaotic state, even beyond the repair of Mr. Pickersgill who set himself up as the czar of transportation. Freight rates have increased on some commodities from the west to the east, and vice versa, between 40 and 60 per cent.

The government should be concerned about the control of inflation, but it has done nothing. The cabinet will not give leadership in this field and the transport commission has not done anything but allow freight rates to spiral. This has affected the cost of food and the cost of living of every Canadian.

I repeat that the real enemy, the cause of inflation and the real heel crushing down on the pensioner, the veteran and those on fixed income, is excessive government

spending. Therefore, it is my intention to move an amendment. I will read it now because I may make some remarks on it. I wish to move the following amendment to the motion, pursuant to Standing Order 58(4)(a):

Adding after the word rate, in the said motion:

"and/or with the fact that transportation costs have increased substantially and at an uncontrolled, unprecedented rate,"

and the remainder of the motion shall remain the same.

The motion, therefore, would read as follows:

That, in the opinion of this House, the government has failed to cope with the problem of steadily rising food prices, which seriously affect Canadian living standards, or with the fact that supermarket profits have increased simultaneously at an unprecedented rate, and/or with the fact that transportation costs have increased substantially and at an uncontrolled, unprecedented rate, and because these matters are of nationwide concern they should be referred immediately to a special committee of this House for investigation and report by June 26, 1972.

This afternoon the hon. member for St. John's East (Mr. McGrath) moved a motion. It was pointed out that there are two prongs to the main motion. It was set out in the ruling that another prong could be added to the motion, although it could not substantially change the wording from "the standing committee" to "the Prices and Incomes Commission". I listened to the ruling this afternoon. One of the ingredients which must be taken into consideration by anyone studying the high cost of food is the high cost of transportation. I now ask that this third prong be put into the motion. I trust that my friends in the New Democratic Party will see their way clear not only to support us on the procedure but on the specifics of the amendment.

Some hon. Members: Hear, hear!

The Acting Speaker (Mr. Laniel): Order, please. Reading the amendment, I have some reservation about accepting it. At first glance it seems to bring in a completely new matter. Because we have had already a procedural debate on a previous amendment, and because of the time element, without creating any precedent I will accept the amendment at this time. I could not make a decision to disallow the amendment without allowing hon. members to comment from a procedural point of view. This would deny an hon. member from the party which moved the motion the opportunity to close the debate, because there are only 15 minutes remaining. I will put the motion if the hon. member will inform the Chair who is the seconder.

Mr. Woolliams: The hon. member for St. John's East.

The Acting Speaker (Mr. Laniel): The hon. member for St. John's East, having spoken, cannot second the motion.

Mr. Woolliams: Then the hon. member for Lambton-Kent (Mr. McCutcheon) will second the motion.

The Acting Speaker (Mr. Laniel): The hon. member for Calgary North (Mr. Woolliams), seconded by the hon. member for Lambton-Kent (Mr. McCutcheon), moves the following amendment:

Adding after the word rate, in the said motion:

[Mr. Woolliams.]

"and/or with the fact that transportation costs have increased substantially and at an uncontrolled, unprecedented rate,"

and the remainder of the motion shall remain the same.

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, it is a pleasure to wind up the debate on this very important motion. After listening to government spokesmen today it would be almost impossible for someone who did not know the topic in advance to know what we were supposed to be debating. At different times they talked about labour costs and the nutritional habits of Canadians. Indeed, one member on the government side spent all his time talking about food costs in Sweden. This either illustrates the stupidity of the Liberal party of Canada or merely their incompetence to interpret a motion. I ask Your Honour to judge which is worse for a party that claims to have the right to govern this country. It was an incredible performance.

• (2130)

I have before me the final report of the Special Joint Committee of the Senate and the House of Commons on Consumer Credit, dated April 25, 1967, signed by the co-chairmen, Senator David A. Croll and the former minister of consumer and corporate affairs, the hon. member for Vancouver Centre (Mr. Basford). In that report the hon. gentlemen have something to say about the food processing industry and the supermarkets which in our humble way we thought merited serious analysis today in terms of their effect on food prices in this country. In the concluding statement of the report the committee says:

The domination of a few large corporations in some sectors of the Canadian economy is clearly evident and gives rise to the question, "Is this in the public interest?" Your committee feels that the implications of this question must be fully examined.

This followed an analysis of the way in which relatively few companies in this country dominate the food industry. The report is an expression of concern by the committee, one dominated, I stress, by Liberals. The committee goes on to recommend a continuing investigation into the monopolistic practices of the food industry in Canada. Needless to say, this recommendation has not been adopted in the slightest way by the government. Indeed, the government never had any serious intention of dealing with the issue.

Reflect on the speeches we have heard today from the other side. Has one Liberal member risen and said he is seriously concerned about the market power of the supermarkets? They have managed to talk about everything but the subject before the House for debate. In the time available to me I should like to say something about the motion before us. First I should like to say something about supermarket profits. I shall name the companies and put on record their profits from 1968. Take Steinberg's. In 1968 its profits were $6.4 million; in 1969, $5 million; in 1970, $9.3 million and in 1971, $9.5 million.

Mr. Stafford: How much did they have invested?

Mr. Broadbent: I will deal later with that question. The net income of this firm for a 24-week period ending January 15, 1971, was $3.7 million. One year later, for the same period ending January 15, 1972, net income amounted to

$7.6 million. There had been a 100 per cent increase in the profit picture.

An hon. Member: Give the 1969 profits.

Mr. Broadbent: I should like, now, to deal with the George Weston corporation, that "tiny" concern which has some 120 enterprises under its control.

Mr. Stafford: Tell us about their gross as well.

Mr. Broadbent: Wait a moment.

An hon. Member: Arrogance.

Mr. Broadbent: In 1967 their profits were $13 million; in 1968, $13.6 million; in 1969, $15.4 million; in 1970, $14.4 million and in 1971, $15.1 million.

Mr. Stafford: What were their gross sales each year?

Mr. Broadbent: I will deal with that later.

Some hon. Members: Oh, oh!

Mr. Broadbent: Now look at the Dominion stores situation. The profit for the 39 weeks ending December 31, 1970, amounted to $1.9 million. The profit for the same period ending December 31, 1971, was $5.8 million. That is an increase of about 300 per cent in one year.

Some hon. Members: Oh!

Mr. Howard (Okanagan Boundary): On a point of order—

The Acting Speaker (Mr. Laniel): The Parliamentary Secretary to the Minister of Industry, Trade and Commerce (Mr. Howard) rises on a point of order.

Mr. Howard (Okanagan Boundary): I should like to ask the hon. member if he would permit a question.

Mr. Broadbent: No; I do not have the time.

Some hon. Members: Oh, oh!

The Acting Speaker (Mr. Laniel): Order. Hon. members should not use points of order for the purpose of seeking to ask questions.

Mr. Broadbent: I thought it would be appropriate for one speaker today to deal with the subject, Mr. Speaker. Now I should like to come to the rate of return on the investment dollar. If the hon. member had done his research he would have found today on his desk a report from Statistics Canada on the subject of industrial corporations.

Mr. Stafford: I have read it.

Mr. Broadbent: It was released today and it refers to the rate of return on the investment dollar for the past year in a variety of sectors of the economy, particularly in the industrial and corporate sectors. The figures are interesting. If you take all industry in Canada over the past year, the rate of return for the first quarter was 5.3 per cent, in the second quarter it was 5.93 per cent, in the third it was 6.35 per cent, and in the fourth quarter it was 6.44 per cent. If you take manufacturing, the return for the first quarter last year was 5.2 per cent, for the second quarter 6.54 per cent, for the third 6.97 per cent, and for the fourth 6.69 per cent.

Now let us look at the food industry. Look at what poor Steinberg's, Dominion stores, Westons and Loblaws did—those firms for which the Liberal party shows such sympathy as expressed today in the speeches we have heard. For the first quarter of last year the rate of return was 8.02 per cent compared with the over-all average of 5.36 per cent, in the second quarter 9.13 per cent compared with the average in industry as a whole of 5.93 per cent, in the third quarter 8.05 per cent compared with 6.35 per cent in industry as a whole, and in the last quarter 7.87 per cent compared with 6.44 per cent.

There is the answer to the hon. member's question. That is the rate of return per investment dollar. This, I suggest, constitutes a prima facie case for our motion. Remember our motion does not say that supermarkets are totally responsible for increasing costs. Conservative members have correctly pointed out that one has to take into account transportation costs and other factors. That is obvious. We are not denying it in any way. What we are saying is that the profits of supermarket companies have been rising at an astronomical rate in the past year and must be regarded by any impartial observer to be in large measure responsible for the high cost of food which the people of Canada have to bear.

Some hon. Members: Hear, hear!

Mr. Broadbent: What are the pricing policies of these corporations? I refer supporters of the government to the same committee report of 1967. That committee, dominated by government members, pointed out that in many cases, if not in most, the firms set the prices. They dominate the market. They do not respond to market conditions. I quote from the report:

> The five great corporate food chains and the voluntary chains control more than 75 per cent of the grocery business in urban areas and their percentage is increasing.
>
> In one part of the food processing industry, one firm controls 100 per cent of the market in the Maritimes and western Canada and at least 80 per cent of the market in Ontario and Quebec.

I also have before me a report prepared this year in British Columbia by a professor at Simon Fraser University who examined food pricing policies of companies in the province as well as the structure of the industry as a whole. What does he conclude? He concludes what the special joint committee concluded in 1967, namely, that the big corporations do not respond to market conditions in the main but, rather, set those conditions because they control most of the factors which influence production of food products in the first instance.

• (2140)

What did he discover in addition to that? I suggest this must also be of concern to us. He discovered that in Vancouver one of the major chains charges higher prices in the poorer parts of the city than it does in the richer parts. This duplicates studies conducted in the United States where it was discovered that in the Negro ghettos

Division

the big food chains charge the unfortunate, poor people higher prices than they charge people who live in the more affluent parts of the city.

It appears the reason for this sort of conduct is that the poor people living in the heart of Vancouver, or in the heart of Toronto or Montreal, do not have automobiles, or many do not, and consequently cannot compare prices charged by the different chains. As a result, the local store downtown charges what the market will bear and all too frequently prices are higher than prices charged elsewhere by other firms. This is what the motion asks us to investigate by setting up a special committee.

In the time I have left I should like to suggest that one of the reasons firms like Weston, Loblaws, Dominion stores, Safeway and Steinberg's are in their present position is that they have branched out into all sectors of the food processing industry. These firms are in the picture right from the time the seed is planted in the soil until the product is sold in the stores. They are in no sense of the word in a state of competition but, rather, are in a position of being able to impose their own price on the Canadian consumer.

May I again refer hon. members to a document called "The Grocery Store Storybook," put out by Professor G. B. Rush in 1972, which I shall be only too pleased to pass to hon. members who wish to examine it. Professor Rush documents with great care the conglomerate power of these enterprises. In the minute remaining may I deal with but one of these, the Weston corporation. I see you are about to rise, Mr. Speaker, but may I take another 30 seconds?

The Acting Speaker (Mr. Laniel): Order, please. It being 9.45 o'clock p.m., it is my duty, pursuant to section (9) of Standing Order 58, to interrupt these proceedings and forthwith put every question to dispose of the motion now before the House. The question is on the amendment of the hon. member for Calgary North (Mr. Woolliams). All those in favour of the amendment will please say yea.

Some hon. Members: Yea.

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

Some hon. Members: Nay.

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

And more than five members having risen:

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

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

• (2150)

(*Division No. 22*)

YEAS

Messrs:

Alkenbrack
Barnett
Beaudoin
Bell
Benjamin
Broadbent
Burton
Cadieu
Caouette
Crouse
Danforth
Dionne
Douglas
Fairweather
Flemming
Forrestall
Gilbert
Gleave
Grills
Harding
Horner
Howard (Skeena)
Knight
Knowles (Winnipeg North Centre)
Knowles (Norfolk-Haldimand)
Lambert (Bellechasse)
Lambert (Edmonton West)
Lewis
Lundrigan
MacInnis (Cape Breton-East Richmond)
MacInnis (Mrs.)
MacKay
Macquarrie
McCleave
McCutcheon
McGrath
Marshall
Mather
Matte
Mazankowski
Nystrom
Orlikow
Peddle
Peters
Rodrigue
Rondeau
Rose
Rowland
Ryan
Schumacher
Stanfield
Thomas (Moncton)
Thompson (Red Deer)
Thomson (Battleford-Kindersley)
Woolliams
Yewchuk—56.

NAYS

Messrs:

Badanai
Barrett
Basford
Béchard
Benson
Blair
Borrie
Boulanger
Breau
Buchanan
Caccia
Cafik
Chappell
Clermont
Cobbe
Comtois
Corbin
Corriveau
Cullen
Cyr
Danson
Davis
Deachman
De Bané
Drury
Dubé
Dupras
Éthier
Forget
Francis
Gendron
Gibson
Gillespie
Goode
Goyer
Gray
Groos
Guay (St. Boniface)
Guilbault
Haidasz
Hopkins
Howard (Okanagan Boundary)
Hymmen
Isabelle
Jerome
Kaplan
Lachance
Laing (Vancouver South)
Lajoie
Lang (Saskatoon-Humboldt)
Langlois
Laniel
Leblanc (Laurier)
Lefebvre
Legault
Lessard (LaSalle)
L'Heureux
Macdonald (Rosedale)
MacEachen
MacGuigan
Mackasey
McBride
Mahoney
Marceau
Marchand (Langelier)
Marchand (Kamloops-Cariboo)
Munro
Olson
Otto
Ouellet
Pelletier
Penner
Pepin

Messrs:

Portelance
Pringle
Reid
Richardson
Roberts
Robinson
Rochon
Roy (Laval)
Serré
Smith (Northumberland-Miramichi)
Smith (Saint-Jean)
Stafford
Stanbury
Stewart (Okanagan-Kootenay)
Thomas (Maisonneuve-Rosemont)
Trudeau
Trudel
Turner (Ottawa-Carleton)
Wahn
Walker
Watson
Weatherhead
Whelan
Whiting—97.

Mr. Speaker: I declare the amendment lost. The question is now on the main motion.

The House divided on the main motion (Mrs. MacInnis) which was negatived on the following division:

(*Division No. 23*)

YEAS

Messrs:

Alkenbrack
Barnett
Bell
Benjamin
Broadbent
Burton
Cadieu
Crouse
Danforth
Douglas
Fairweather
Flemming
Forrestall
Gilbert
Gleave
Grills
Harding
Horner
Howard (Skeena)
Knight
Knowles (Winnipeg North Centre)
Knowles (Norfolk-Haldimand)
Lambert (Edmonton West)
Lewis
Lundrigan
MacInnis (Cape Breton-East Richmond)
MacInnis (Mrs.)
MacKay
Macquarrie
McCleave
McGrath
Marshall
Mather
Matte
Mazankowski
Nystrom
Orlikow
Peddle
Peters
Rose
Rowland
Ryan
Schumacher
Stanfield
Thomas (Moncton)
Thompson (Red Deer)
Thomson (Battleford-Kindersley)
Woolliams
Yewchuk—49.

NAYS

Messrs:

Andras
Badanai
Barrett
Basford
Beaudoin
Béchard
Benson
Blair
Borrie
Boulanger
Breau
Buchanan
Caccia
Cafik
Caouette
Chappell
Clermont
Cobbe
Comtois
Corbin
Corriveau
Cullen
Cyr
Danson
Davis
Deachman
De Bané
Drury
Dubé
Dupras
Éthier
Forget
Francis
Gendron
Gibson
Gillespie
Goode
Goyer
Groos
Guay (St. Boniface)
Guilbault
Haidasz
Hopkins
Howard (Okanagan Boundary)
Hymmen
Isabelle
Jerome
Kaplan
Lachance
Laing (Vancouver South)
Lajoie
Lang (Saskatoon-Humboldt)
Langlois
Laniel
Leblanc (Laurier)
Lefebvre
Legault
Lessard (LaSalle)
L'Heureux
Macdonald (Rosedale)
MacEachen
MacGuigan
Mackasey
McBride
Mahoney
Marceau
Marchand (Langelier)
Marchand (Kamloops-Cariboo)
Munro
Olson
Otto
Ouellet
Pelletier
Penner
Pepin
Portelance
Pringle
Reid
Richardson
Roberts
Robinson
Rochon
Roy (Laval)
Serré
Smith (Northumberland-Miramichi)
Smith (Saint-Jean)
Stafford
Stanbury
Stewart (Okanagan-Kootenay)
Thomas (Maisonneuve-Rosemont)
Trudeau
Trudel
Turner (Ottawa-Carleton)
Wahn
Walker
Watson
Weatherhead
Whelan
Whiting—99.

• (2210)

Mr. Speaker: I declare the motion lost. Before leaving the chair I think it is my duty to remind hon. members that it is long established practice for hon. members to come into the chamber wearing a jacket, shirt and tie. I am not prepared to encourage hon. members to depart from that practice. I would seek their co-operation in this respect.

Some hon. Members: Hear, hear!

Mr. MacInnis: On that point, Mr. Speaker, I would think it appropriate to mention that all members on this side of the House are properly dressed, and the bad example is being set by government members.

At 10.19 p.m. the House adjourned, without question put, pursuant to Standing Order.

HOUSE OF COMMONS

Friday, June 2, 1972

The House met at 11 a.m.

ROUTINE PROCEEDINGS

COMMITTEES OF THE HOUSE

[*Translation*]

LABOUR, MANPOWER AND IMMIGRATION

Fourth report of Standing Committee on Labour, Manpower and Immigration—Mr. Portelance.

HEALTH, WELFARE AND SOCIAL AFFAIRS

Third report of Standing Committee on Health, Welfare and Social Affairs—Mr. Forget.

[*Editor's Note: For text of above reports, see today's Votes and Proceedings.*]

* * *

[*English*]

ENVIRONMENTAL AFFAIRS

STATEMENT ON POSITION TO BE TAKEN BY CANADA AT UNITED NATIONS CONFERENCE ON HUMAN ENVIRONMENT

Hon. Jack Davis (Minister of the Environment): Mr. Speaker, next week the United Nations Conference on the Human Environment is convening in Stockholm. I would like, briefly, to outline the position which Canada will be taking at this important gathering.

Canadians have already had a large input. We are responsible in large measure for the resolution within the draft Declaration on the Human Environment which states, in effect, that no nation should pollute the environment of its neighbour or contaminate the world's oceans or the atmosphere.

Our proposal met some resistance at the outset. But most U.N. member countries now agree that this principle is fundamental to the development of a body of international law which can deal with pollution on a global scale.

We have a big stake in international arrangements of this kind. As a nation with a vast territory, with the largest continental shelf and one of the longest coastlines in the world, we have much to gain from the enunciation of a universal good neighbour policy—a global environmental ethic—by the United Nations.

Mr. Stanfield: What about governmental pollution.

Mr. Davis: There are those who argue that international standards are undesirable. We do not agree. We say that nature's laws, themselves, are universal. They are all-embracing. Man breaks them at his peril. He breaks them and succeeding generations are the poorer for his lack of foresight, his lack of sensitivity, his lack of discipline on the biological front.

Biology, as a science, is still in its infancy. But we already know enough about nature to lay down certain tests. These tests involve life itself. We must not kill fish, destroy vegetation or wipe out wildlife. The preservation of a healthy environment for wild living things, in other words, is a prior condition to a high quality of life for us all. These simple biological tests, these simple standards, should not be confined to any one country. They are valid everywhere. They should be applied the world over, not in Canada, or in Canada and the United States, alone.

There will be frequent reference at the Stockholm conference, I expect, to economic growth and the impact which it is likely to have on all living things. I believe we can have both economic growth and a clean environment too. But having both calls for economic statesmanship of the highest order. We have to look ahead—a long way ahead. We have to operate our forest industries and our fisheries on a sustained yield basis. We will have to plan our cities better, arrange for industry to recycle its wastes, use the right kinds of energy, and so on.

There are many facets to the question of environmental control. We will be touching on at least 30 of them at Stockholm. Here are a few commitments which we are prepared to make now: Construct three out of ten of the world's base line stations for determining the quality of the atmosphere; improve the quality of our rivers discharging into the sea; sponsor a world-wide conference on the conservation of the living resources of the sea in Vancouver in February of next year; oppose ocean dumping of pollutants; propose that big tankers be confined to routes which avoid ecologically sensitive areas not only along our own coasts but the world over; and step up our research in the field of marine science.

• (1110)

Hon. Robert L. Stanfield (Leader of the Opposition): Mr. Speaker, I had hoped that one of the steps the minister would announce as being taken within Canada would be the reduction of pollution by the government of Canada.

There is no question that this conference is important. I agree with the minister it is important that we try to achieve international standards and an international

approach to preserving a healthy and proper environment for living creatures.

The international aspects of this problem are very clear. For example, Canada is faced with the problem of pollution of the Great Lakes and the Pacific, while to people living in Europe the need for cleaning up the Rhine River is obvious. This presumably explains the interest NATO has been taking in recent times in problems of the environment. It is obvious that the concern is world-wide. It is not only confined to our relations with our neighbours, to our polluting our neighbours or our neighbours polluting us. It is obviously a world-wide problem.

The minister did not say anything about what he hopes will come out of the conference by way of an ongoing institution, if anything. Will this conference be the end of the matter so far as a global effort is concerned, or does the government of Canada have some other expectation? Is Canada going to push for a continuing institutional arrangement? The minister did not mention this.

Mr. Guay (St. Boniface): You tell us.

Mr. Stanfield: With all due respect to the hon. member for St. Boniface (Mr. Guay), I have not yet got myself into the position where I can speak for the government, although I expect to be able to do so very shortly.

Some hon. Members: Hear, hear!

Some hon. Members: Oh, oh!

Mr. Macdonald (Rosedale): Are you planning on crossing the floor?

Mr. Speaker: Order, please. The Leader of the Opposition has the floor.

Mr. Stanfield: Mr. Speaker, I promise you I will not touch on any other sensitive areas. The minister did not say anything about the make-up of the Canadian delegation. I have heard reports about this. I will be disappointed if the Canadian delegation does not contain some representatives of the various parties in the House. I think it is of considerable importance that the Canadian delegation include some all-party representation.

The minister expressed hope that we can achieve both economic growth and preservation of our environment. I accept that. I believe we must have both if we are going to make any meaningful attack on poverty in our country and in the rest of the world. It does not really take us very far simply to say this because, as the years go by, we will have to ask ourselves increasingly how much growth there should be and what balance we want to have.

The minister mentioned some problems that are difficult enough themselves but are relatively simple, such as the management of forests on the basis of continuing yield and so on. These are goals which we have not yet achieved. They are important but relatively they are child's play compared with some of the world-wide problems relating to economic growth and preservation of the environment that we will have to face more and more in the future.

There have been suggestions that the conference in Stockholm may be disrupted, either by some of those in attendance or by others visiting Stockholm at the time. I express the hope that this will not take place and that the conference will proceed in a very constructive way.

In addition to expressing the hope, as the minister has, and that we can make progress in achieving international standards, it is important we recognize what we can do on our own by way of setting standards. In this respect I think we might make a much more determined effort than the government has made to achieve, determine and announce national standards with regard to air and water in our own country. When we do that our words will carry a little more conviction when we talk about international standards.

Mr. Frank Howard (Skeena): Mr. Speaker, having read the minister's statement at about the same time as he was making it here, I came to the immediate conclusion that the hon. gentleman, representing the government of Canada, is really engaged in the practice of establishing double standards in relation to the environment. He talks in glowing terms about hopes for the future, but when one weighs these words against the abysmal record of his own department in its activities here in Canada, they sound pretty hollow.

I am sure we all hope that valuable results will flow from the Stockholm conference next week. I do not decry it in any way. But I point out that concern about the environment is not the monopoly of any one group in this House, and some provision should be made for representatives from all parties in this chamber to attend, if not as participants, then as observers at that conference.

Regrettably, in Canada—this is why the minister's words ring hollow—we approach this subject on the basis of how much pollution the environment can stand instead of determining to control and restrict pollution to as great an extent as possible. The government establishes standards, to the extent it has established them, and then says: let us pollute as much as we possibly can up to that limit.

Mr. Davis: That is not our approach.

Mr. Howard (Skeena): During the question period the minister can ask me questions about anything I have to say and I will be glad reply to him.

The minister says it is necessary to argue strongly in favour of international standards while at the same time rejecting the concept of national standards within Canada, as he did vehemently when, for example, the Canada Water Act was being debated in the House. He says, for example, that we must not kill fish or destroy vegetation or wildlife. That is good propaganda. But on November 3 of last year the same minister put into effect pulp and paper mill effluent regulations which permit a kill of fish in waters into which pulp mills pump their effluent up to 20 per cent. How can one hold such a concept here at home while expecting people on the international scene to endorse the programs the minister is advocating?

An hon. Member: Stick to the facts.

Mr. Howard (Skeena): Hon. members may not like what I am saying, but please listen. I am trying to reflect the

concern of many Canadians about the environment, a concern which seems to escape hon. gentlemen opposite.

The minister talks of economic growth and environmental control at the same time; yet a very different attitude has been taken by the government toward the James Bay project and the pipelines which are to run down the Mackenzie Valley. The Minister of Indian Affairs and Northern Development said he would be glad to accept applications to construct pipelines in that valley before the environmental studies had been completed. Again, this is evidence of a double standard.

The minister spoke of two or three things he hopes to do. One of them is the sponsoring of a conference on the conservation of the living resources of the sea in Vancouver in February of next year. I submit that the government should be moving in this direction right now, without waiting for a conference, by extending the provisions of the Arctic Waters Pollution Prevention Act to cover the Pacific and Atlantic coasts. Even beyond that, I suggest that the Arctic Waters Pollution Prevention Act, which this Parliament passed two or three years ago but which the government has not seen fit to proclaim, be implemented.

• (1120)

Further, it is proposed that big tankers be confined to routes which avoid ecologically sensitive areas—

Mr. Speaker: Order, please. I have to remind all hon. members, particularly the hon. member for Skeena who now has the floor, that under the Standing Order comments made at this time are to be brief. The Standing Order specifically provides that comments are to be brief. Hon. members are required not to make comments of a nature that would provoke debate; they should be limited specifically and clearly to the statement made by the minister. I am particularly referring to the requirement that comments be brief. When a three-minute statement is made by the minister and ten-minute comments are made by members representing parties in opposition, I think that is perhaps not respecting the spirit of the Standing Order. I hope the hon. member for Skeena and other hon. members will keep that in mind.

Mr. Howard (Skeena): I quite agree, Mr. Speaker, and I apologize to you and to the House for having gone a little beyond the prescription of the rule. But so much is inaccurate in what is contained in the statement that it necessitated that sort of commentary.

[*Translation*]

Mr. Gilbert Rondeau (Shefford): Mr. Speaker, first of all I wanted to congratulate the hon. minister for having supplied us this time with a good French text of his statement.

I also congratulate the hon. minister on the colour of the tie he is wearing this morning, which will certainly contribute to improve the environment in the House of Commons.

Mr. Speaker, the hon. minister has informed us of the position Canada is to adopt at the United Nations Conference on the Environment in Stockholm next week.

Actually, in the second paragraph, he says:

—no nation should pollute the environment or its neighbour or contaminate the world's ocean or the atmosphere.

We are 100 per cent in agreement with this principle but on the other hand it should also be applied in Canada. We should, in fact, be able to say that no one should pollute his neighbour's environment or knowingly contaminate the atmosphere.

If this principle is valid on the international scene, it should first of all be applied in our own country, because we cannot require that other nations, do what we do not do in our country.

The hon. minister would definitely have more authority at the Stockholm conference if he could say this principle has been applied in Canada for a long time.

Mr. Speaker, the minister also stated, at page 2 of his statement, and I quote:

—We must not kill fish, destroy vegetation or wipe out wildlife.

Once again, these are good wishes, and we congratulate the minister for that. However, we should have preferred hearing him announce a new measure not only to prevent the killing of fish but to protect the environment.

We know quite well that the minister is aware of all the problems of pollution but that lack of funds cripple the efforts we could make to fight them.

In fact, improving the environment would cost billions of dollars, funds which the government lacks.

For many, many years, we have been denouncing the worst pollution there is in Canada, namely the financial pollution which prevents the minister from carrying out his projects. By way of a conclusion, may I say that finance has corrupted the economic atmosphere in Canada and, therefore—

Mr. Speaker: Order, please.

* * *

[*English*]

GRAIN

ANNOUNCEMENT OF ADDITIONAL SALE OF WHEAT TO PEOPLE'S REPUBLIC OF CHINA

Hon. Otto E. Lang (Minister of Justice): Mr. Speaker, I wanted at the earliest possible moment to bring some information of interest to the House. I say that because I was only able to put draft copies of an announcement into the hands of hon. members opposite.

The House has shown its interest recently in the use of hopper cars for the movement of grain, and also in the matter of the movement of grain out of the west coast. I am happy to inform the House that this morning the Canadian Wheat Board is announcing another sale of wheat to China in the amount of up to 58.8 million bushels.

Some hon. Members: Hear, hear!

Mr. Lang: Mr. Speaker, this indicates an acceleration rather than a delay in shipments of wheat to China, and beginning in July there will be an accelerated movement

because of this new sale. About half of the grain involved is expected to be shipped to China in the calendar year 1972, for which a contract was announced previously. With this sale, the total amount of wheat going to China in 1972 will reach about 145 million bushels which, of course, will be an all-time high.

Some hon. Members: Hear, hear!

Mr. Lang: The sale is in the usual terms in cases of sales to China, with 25 per cent cash at the time of loading and the balance on credit in 18 months. As the Wheat Board release indicates, the credit terms are made possible under a guarantee to the Canadian Wheat Board by the federal government.

At this time I should like to take the opportunity of paying tribute to the Wheat Board commissioners, particularly the ones who negotiated this contract but to all of them as well, and a tribute to their staff who do a tremendous amount of work both in the selling of grain and assuring it moves to market on time, as well as assuring that so far as possible there is equity of opportunity for delivery among farmers in the region. We sometimes neglect to pay attention to the hard work done by people within a board like this, the commissioners and their staffs, and I want to take this opportunity to congratulate them.

Some hon. Members: Hear, hear!

Mr. G. W. Baldwin (Peace River): Mr. Speaker, I will be very conscious about your admonition about being brief, although a lot of platitudinous pap comes from the other side. I will simply say we are very glad to note this sale and to see that the government, prodded and pushed by the opposition over the past two or three years, has finally come to realize what can be done and should have been done. If the government will listen to us more often it will be a better government.

Mr. A. P. Gleave (Saskatoon-Biggar): Mr. Speaker, one thing the minister will not lack is advice. We are pleased that sales are being made. This announcement indicates that the policy of formally recognizing China has been well worth while. This party was in the forefront in suggesting we ought to take a realistic attitude toward that country.

I am happy to hear the minister say he is confident our transportation facilities will be able to deliver the product. As to the hopper cars mentioned by the minister, I understand from his own statement that they are still at the order stage. As someone has said, the youngster is so far only a gleam in the eye.

• (1130)

The minister has said that the Wheat Board has finally proven to him and to his party that it is an efficient sales organization. He will have an opportunity when a bill comes before the House in a few days to include under the operations of the Wheat Board the other grains that western farmers are marketing. I say to the minister—and I think he must recognize it—that sales of the grains the Wheat Board has not marketed have not been as good. So I urge the minister to give the farmers a break by taking advantage of the opportunity to bring other grains within the ambit of the board.

[*Translation*]

Mr. Réal Caouette (Témiscamingue): Mr. Speaker, my colleagues and myself are also pleased to hear the minister say that a new wheat sale contract has been passed between China and Canada. This sale will certainly help the wheat producers of western Canada.

The minister announced that this sale of 1.5 million tons of wheat has been negotiated according to the following terms: 25 per cent cash and the balance to be paid in 18 months, the credit being guaranteed by the federal government to the Wheat Board. I would have liked to hear the minister say, for example, at which interest rate the sale has been made and with what money the Republic of China will pay the 25 per cent cash.

Mr. Speaker, the minister told us that the federal government will guarantee this loan or this credit to the Canadian Wheat Board. This is another occasion where Canadians provide nearly everything, but there is a lack of information. Canadians are deeply interested in the interest rate and in the amount which will be paid cash, and I feel that China will certainly not pay us with Canadian money because she has none. Will she pay us with American money? We do not know.

At all events, there was a wheat sale. The farmers of western Canada want to sell their wheat and we must sell it, but on terms that it will not be a burden for the Canadian people who, I think, bear enough at present in all fields of economic activity.

* * *

[*English*]

PUBLIC SERVICE

REPORTED REFERENCE BY COMMISSION CHAIRMAN TO SOME EMPLOYEES AS BEING CORRUPTIBLE SLOBS—REQUEST FOR UNANIMOUS CONSENT TO MOVE MOTION UNDER S.O. 43

Mr. R. Gordon L. Fairweather (Fundy-Royal): Mr. Speaker, I wish to propose a motion in a case of urgent and pressing necessity under Standing Order 43. The Ottawa *Journal* of June 1 carries an account of a speech by the chairman of the Public Service Commission in which he is reported as describing some public servants as being "corruptible slobs". I move, seconded by the hon. member for Halifax-East Hants (Mr. McCleave):

That the subject matter of the chairman's speech be referred to the Standing Committee on Miscellaneous Estimates which yesterday had referred to it the annual report of the Public Service Commission for 1971.

Mr. Speaker: Order, please. Hon. members have heard the motion proposed by the hon. member for Fundy-Royal. This motion is proposed under the terms of Standing Order 43 and requires the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

Mr. Speaker: There is not unanimous consent. The motion cannot be put.

Mr. Bell: The "no" was on the government side. Let that be recorded in *Hansard.*

* * *

COMMUNICATIONS

BELL CANADA RATE INCREASES—REQUEST FOR UNANIMOUS CONSENT TO MOVE MOTION UNDER S.O. 43

Mr. David Lewis (York South): Mr. Speaker, I seek unanimous consent to move a motion under Standing Order 43 on a matter of urgent and pressing necessity. Since the motion speaks for itself I do not think I need take any time to explain it. I move, seconded by the hon. member for Winnipeg North Centre (Mr. Knowles):

That this House is of the opinion that the government should use the powers it has under section 64(1) of the National Transportation Act to rescind immediately the decision of the Canadian Transport Commission granting a rate increase to Bell Canada since such increase is not justified and is really a tax on the consumers by the corporation to provide it with interest-free capital for expansion.

[*Translation*]

Mr. Speaker: This motion moved under Standing Order 43 requires the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

Mr. Speaker: Since there is not unanimous consent, the hon. member's motion cannot be put.

* * *

[*English*]

AGRICULTURE

REFERENCE OF CERTAIN ANNUAL AND SUPPLEMENTARY REPORTS OF CANADIAN WHEAT BOARD TO STANDING COMMITTEE

On the order: Government notices of motions:

May 31, 1972—The President of the Privy Council: That the annual and supplementary reports of the Canadian Wheat Board for the years 1968-69 and 1969-70 and the annual report for the year 1970-71 be referred to the Standing Committee on Agriculture.

Mr. Speaker: Pursuant to section 2 of Standing Order 21 this government notice of motion is transferred to and ordered for consideration under government orders at the next sitting of the House.

25316—53½

Inquiries of the Ministry

ORAL QUESTION PERIOD

PUBLIC SERVICE

REPORTED REFERENCE BY COMMISSION CHAIRMAN TO SOME EMPLOYEES AS BEING CORRUPTIBLE SLOBS—REQUEST FOR INQUIRY

Hon. Robert L. Stanfield (Leader of the Opposition): Mr. Speaker, I have a question for the Acting Prime Minister concerning comments attributed in the press to the chairman of the Public Service Commission and the alleged reference by the chairman to members of the public service as "corruptible slobs". Will the Acting Prime Minister say whether he has made any inquiries or checked into these comments in order to ascertain whether Mr. Carson has any explanation?

Hon. C. M. Drury (President of the Treasury Board): Mr. Speaker, perhaps I might answer that question. The alleged remark apparently occurred during the course of a speech made to members of the personnel association yesterday. I understand Mr. Carson has protested to the editor of the newspaper that carried the report and has provided an explanation of the context in which certain words were used. A motion has just been made to refer the subject matter of this particular speech to the committee. It is my understanding that Mr. Carson will appear as a witness before this committee shortly and perhaps that occasion might be used to clarify this matter.

Mr. Stanfield: In view of the fact that this is quite a different subject matter from the annual report of the commission which was referred to the committee yesterday, may I ask the President of the Treasury Board whether it is not the view of the government that an alleged statement of this sort is sufficiently serious that the government, in this case perhaps the President of the Treasury Board, ought to conduct an inquiry to satisfy itself concerning the nature of these remarks in view of their effect upon the public service and its morale?

• (1140)

Mr. Drury: Mr. Speaker, I agree with the hon. gentleman that the chairman of the Public Service Commission should have an opportunity to explain the circumstances about which the report has arisen. Hopefully this could be done on the occasion of his appearance before the committee.

Mr. R. Gordon L. Fairweather (Fundy-Royal): Can we, therefore, be assured that the terms of reference which were agreed to yesterday by the House in regard to the Public Service Commission's annual report are sufficiently broad to permit us to question the chairman on the remarks he has made about corruptible slobs?

Mr. Drury: I do not want to speak for the chairman of the committee, but I will undertake to have a word with him to make sure that the assumption the hon. gentleman has just made is in fact verified.

Inquiries of the Ministry

REPORTED REFERENCE BY COMMISSION CHAIRMAN TO SOME EMPLOYEES AS BEING CORRUPTIBLE SLOBS—GOVERNMENT POSITION

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, in view of the fact it may be a few days before that committee meets, will the President of the Treasury Board on behalf of the government disown forthwith this reference to public servants as corruptible slobs?

Hon. C. M. Drury (President of the Treasury Board): Mr. Speaker, I have no hesitation whatsoever in saying that it is not the view of the government that the public service is composed of corruptible slobs.

Mr. Baldwin: We had better stop him from reading the Prime Minister's speeches.

An hon. Member: How about the minister being one?

Mr. Speaker: Order, please. The hon. member for York South.

Mr. Lewis: I do not have a supplementary question, Mr. Speaker.

Mr. Speaker: Perhaps the hon. member for Lambton-Kent, who has a supplementary question, might be given the floor now and then I will recognize the hon. member for York South.

REPORTED REFERENCE BY COMMISSION CHAIRMAN TO SOME EMPLOYEES AS BEING CORRUPTIBLE SLOBS—REQUEST FOR ASSURANCE THAT COMMITTEE WILL NOT BE INHIBITED

Mr. Mac T. McCutcheon (Lambton-Kent): Mr. Speaker, may I direct my supplementary question to the President of the Treasury Board. Can the minister assure the House that the Standing Committee on Miscellaneous Estimates will be free of the interference and inhibition implied yesterday by the hon. member for Grenville-Carleton to have been the case last year in regard to that committee?

Hon. C. M. Drury (President of the Treasury Board): I think that the assumption on which the question is based is not justified; consequently the question becomes hypothetical.

* * *

COMMUNICATIONS

BELL CANADA RATE INCREASES—REQUEST FOR GOVERNMENT ACTION TO RESCIND

Mr. David Lewis (York South): Mr. Speaker, I have a question for the Minister of Communications on a subject on which I have asked him questions formerly. In view of the fact that the increase in Bell Telephone rates came into force today, I want to ask the minister whether he has completed the study of this matter which was considered by the Canadian Transport Commission—he said he was making a study some time ago—and whether he has made a report to the cabinet asking for action to be taken to stop this totally unjustified gouging of the public?

Hon. Robert Stanbury (Minister of Communications): Mr. Speaker, I could not reach a conclusion as readily as the hon. member seems to be able to. I am still awaiting the report to which he refers. He may have heard the same news report as I did, that a citizen has apparently taken steps to obtain a judicial review of this decision, as is the right of any citizen, including the hon. member.

Mr. Howard (Skeena): Or the responsibility of the government.

Mr. Lewis: Mr. Speaker, in view of the fact that a citizen taking an appeal to a court, with all the steps and all the financial costs that are involved, is not likely to end this unfair increase for a long time, may I ask the minister whether he would undertake to give serious consideration to acting on his own motion or to the government acting on its own motion, as it has the authority to do under a section of the National Transportation Act, to rescind the decision of the commission?

Mr. Stanbury: I have said that I am doing exactly that, but I will not jump to a conclusion without analysis as the hon. member has.

Mr. Lewis: Mr. Speaker, if the minister was as concerned about the customers of Bell as he is to be smart he would do something.

Mr. Speaker: Order, please.

Mr. Lewis: I have analysed the situation.

Mr. Stanbury: I hope I will have the opportunity to be as smart as the hon. member after the study has been completed.

Mr. Speaker: Order, please. I am hoping that both the minister and the hon. member will return to questions and answers.

BELL CANADA RATE INCREASES—REQUEST THAT APPELLANT, DR. LLOYD BROWN-JOHN, BE PROVIDED WITH COPY OF TRANSCRIPT OF PROCEEDINGS

Mr. David Lewis (York South): Mr. Speaker, I want to ask the Minister of Communications a question arising out of the fact that Dr. Lloyd Brown-John of the University of Windsor has in fact taken an appeal which has already cost him personally $250 to launch. Would the minister consider obtaining for Dr. Brown-John a copy of the transcript of the proceedings before the commission which would otherwise cost him $1,750?

Hon. Robert Stanbury (Minister of Communications): I will be glad to give consideration to that. I would point out to the hon. member, however, that this Parliament has provided procedures for the consideration of appropriate rates, and I do not think that a minister should abruptly come to a conclusion to interfere with the decisions of the commission without thorough consideration. I am quite willing to consider all the suggestions the hon. member has made, and I will be in a position to make a statement about the matter shortly.

Mr. Lewis: I would remind the minister that Parliament has given him the authority to rescind the decision.

Mr. Speaker: Order, please. The hon. member for York South has had his turn. It is now the turn of the hon. member for Témiscamingue.

* * *

[*Translation*]

GRAIN

WHEAT—INQUIRY RESPECTING INTEREST RATE TO BE PAID BY CHINA ON ADDITIONAL PURCHASE

Mr. Réal Caouette (Témiscamingue): Mr. Speaker, my question is directed to the minister responsible for the Canadian Wheat Board.

Would he tell this House what interest rate China will be paying on its recent purchase of wheat from Canada?

[*English*]

Hon. Otto E. Lang (Minister of Justice): Mr. Speaker, both the price and the interest rate in a contract like this are confidential commercial matters between the buyer and the Wheat Board, but I would emphasize that the question of the interest rate is relevant really to the Wheat Board and to the farmers and not to the government because the government is not assisting in connection with the interest.

ALLEGED RESTRICTION ON USE OF ST. LAWRENCE SEAWAY BY VESSELS OF PEOPLE'S REPUBLIC OF CHINA

Mr. Doug Rowland (Selkirk): Mr. Speaker, my question with respect to grain shipment is directed to the minister responsible for the Wheat Board. It is my understanding that vessels of the People's Republic of China are prevented from using the facilities of the St. Lawrence Seaway because of United States law. Is this the case and, if so, in order to speed future grain shipments to that country is the government considering making representations to the United States to alter that law?

Hon. Otto E. Lang (Minister of Justice): I have never heard of any impediment of that sort to the movement of our grain out of eastern ports; I know that some of the Chinese wheat does in fact move out of eastern ports.

ADDITIONAL SALE OF WHEAT TO CHINA—EFFORTS TO RE-ESTABLISH PRICING UNDER INTERNATIONAL GRAINS ARRANGEMENT

Mr. Paul Yewchuk (Athabasca): Mr. Speaker, in view of the price which was achieved for this sale to China, is the minister making renewed efforts to re-establish pricing under the International Grains Arrangement?

Hon. Otto E. Lang (Minister of Justice): Our efforts in that regard are constantly going forward.

POWER

AGREEMENT BETWEEN U.S. CONSORTIUM AND NOVA SCOTIA FOR ESTABLISHMENT OF NUCLEAR PLANT—DISCUSSIONS BETWEEN FEDERAL AND PROVINCIAL GOVERNMENTS

Mr. Lloyd R. Crouse (South Shore): Mr. Speaker, I wish to direct a question to the Minister of Energy, Mines and Resources. An announcement has been made in Halifax that an American consortium has reached broad agreement with the provincial government of Nova Scotia for the establishment of a giant nuclear power plant in that province on Stoddart Island near Barrington Passage costing about $200 million for the purpose of distributing power to the northwestern United States by means of an undersea cable. Since this will be a large development, will the minister inform the House whether negotiations or discussions have been held between the federal government and the provincial government of Nova Scotia on this matter and, if so, when we can anticipate a report in the House on this development?

Hon. Donald S. Macdonald (Minister of Energy, Mines and Resources): Mr. Speaker, we have discussed this in the past. I think that the best thing would be to get a comprehensive report and give it to the hon. member.

Mr. Speaker: I believe the hon. member for Saskatoon-Biggar has a supplementary to the previous question.

* * *

• (1150)

GRAIN

SUGGESTED INCLUSION OF OTHER GRAINS UNDER JURISDICTION OF WHEAT BOARD

Mr. A. P. Gleave (Saskatoon-Biggar): Mr. Speaker, I have a question for the minister in charge of the Wheat Board. In view of the very good record of the Wheat Board in marketing the grains under its jurisdiction and the difficulty we are having at present in marketing the volume of rapeseed we produce, would the minister consider bringing the marketing of other grains, or giving the producers an opportunity to do so, under the jurisdiction of the board?

Hon. Otto E. Lang (Minister of Justice): Mr. Speaker, as the hon. member knows from many exchanges in the past, I am prepared at a reasonable time to have a full assessment of the opinion of producers about the appropriate method of marketing such grains as rapeseed and to act upon the wishes of the producers.

ADDITIONAL SALE OF WHEAT TO CHINA—ASSURANCE BY RAILWAYS OF ABILITY TO MOVE PRODUCT—AVAILABILITY OF NEW HOPPER CARS

Mr. John Burton (Regina East): Mr. Speaker, I have a supplementary to the questions asked about the sale of wheat to China. Can the minister in charge of the Wheat Board inform the House what assurances the railways have given about the movement of grain to the west coast

in order to fill the new wheat order by China? Can he also indicate whether any of the hopper cars which are to be ordered for grain movement will be in service in time to assist in this movement of grain?

Hon. Otto E. Lang (Minister of Justice): Mr. Speaker, the answer to the second part of the question is yes. It is our hope that all the hopper cars will be in service before the end of 1972 and therefore they will clearly be available to help with the movement of this grain. The Wheat Board and the railways are in conversation from time to time about maximum capacities, both west and east, and I know that the Wheat Board is confident that this movement of grain can be accomplished.

* * *

CAPITAL PUNISHMENT

REQUEST THAT REVISED INFORMATION BOOKLET BE PROVIDED BEFORE DEBATE

Mr. G. W. Baldwin (Peace River): I have a question for the Minister of Justice, Mr. Speaker. In light of the fact that the House will probably be involved in a debate on the question of capital punishment before the end of the year, would the minister take steps to revise and bring up to date the very useful and objective booklet which a former minister of justice, the late Guy Favreau, put out with the assistance of an all-party group in the House and which contained statistical and philosophical memoranda in both directions?

Hon. Otto E. Lang (Minister of Justice): Mr. Speaker, the Solicitor General has work hand in hand along these lines and he may well have information available for hon. members.

Mr. Baldwin: Will the minister discuss with his colleague the use of the practice that was followed last time when the booklet was exposed to members of all parties and was made available as soon as it was completed?

* * *

BUSINESS OF THE HOUSE

REQUEST THAT MOTION SEEKING AMENDMENT OF BRITISH NORTH AMERICA ACT BE PROCEEDED WITH

Mr. R. N. Thompson (Red Deer): Mr. Speaker, I had intended to ask my question either of the Minister of Transport or the government House leader but as neither is present I shall ask it of the acting House leader. The question concerns item No. 25 on the order paper which stands in the name of the Minister of Transport. On behalf of the Pentecostal Assemblies of Newfoundland and in view of the fact that this sizeable group of loyal Canadian citizens is being denied equal rights in matters of education with other religious denominations, may I ask the acting government House leader when item No. 25 on the order paper, a measure to amend the British North America Act, will be brought before the House for consideration?

[Mr. Burton.]

Hon. Arthur Laing (Acting Prime Minister): Mr. Speaker, the Minister of Transport will be in the House on Monday, and I shall bring this matter to his attention.

* * *

CORPORATIONS AND LABOUR UNIONS RETURNS ACT

REPORTED REPRINTING OF 1968 REPORT BEFORE TABLING TO DELETE CERTAIN REFERENCES TO INTERNATIONAL UNIONS

Mr. D. Gordon Blair (Grenville-Carleton): Mr. Speaker, I have a question for the Minister of Industry, Trade and Commerce. Can the minister inform the House whether the 1968 Calura report was destroyed after it had been prepared for tabling in Parliament and then reprinted in order to delete critical references to international unions, as is alleged in a newspaper called *New Canada* dated May, 1972?

Mr. Speaker: Order, please. The minister might reply to this question briefly but in the way it is phrased the hon. member is asking the minister to confirm or deny a report. If the question had been asked directly it would have been more in order. Perhaps we might assume it has been asked directly.

Hon. Jean-Luc Pepin (Minister of Industry, Trade and Commerce): Mr. Speaker, I anticipated this question and I sought the views of the statistician for Canada. He says that the allegation is false. No report was reprinted or altered due to pressures from international unions. The report on labour unions prepared under Calura is not designed to suit special interests and remains the responsibility of the Chief Statistician of Canada. One more line, Mr. Speaker please.

I am informed by Statistics Canada that in an effort to improve timeliness, the draft report was printed without the approval of the Chief Statistician who was out of the country for an extended period. His judgment upon review of the report—

Mr. Speaker: Order, please. The hon. minister's lines are always long lines.

* * *

HOUSING

INQUIRY AS TO RESUMPTION OF URBAN RENEWAL GRANTS—PRIORITY OF APPLICATIONS

Hon. W. G. Dinsdale (Brandon-Souris): Mr. Speaker, my question is for the Minister of State for Urban Affairs and arises out of his announcement to the annual meeting of mayors and municipalities in Quebec City last week that he would be resuming urban renewal grants. Can the minister inform the House when this program will be resumed and can he also confirm that applications pending will be given priority consideration?

Hon. Ron Basford (Minister of State for Urban Affairs): Mr. Speaker, that is not what I announced. What I said was that we will be introducing legislation at a very early

date to replace the present urban renewal sections of the National Housing Act. Of course the debate in the House today will be related to housing and we will be dealing with the government's progressive and forward-looking housing policy.

Mr. Dinsdale: Would the minister confirm whether there has been consultation with communities that have had applications pending since 1968 before making his final decision on a suitable program?

Mr. Basford: Mr. Speaker, in terms of the suggested amendments that we have been considering within the government, the policies have been outlined to provincial ministers and, at my suggestion, in most cases municipalities have been involved in these discussions.

* * *

TRANSPORT

POTASH FREIGHT RATE INCREASE—INTENTION RESPECTING APPEAL

Mr. Lorne Nystrom (Yorkton-Melville): Mr. Speaker, my question is directed to the Minister of Energy, Mines and Resources. In view of the fact a freight rate increase on potash went into effect yesterday and in view of the fact the minister is involved in that area, is it his intention to appeal the rate increase and ask the railways to rescind it?

Hon. Donald S. Macdonald (Minister of Energy, Mines and Resources): Mr. Speaker, I will be glad to take that as notice.

* * *

TRADE

TRADING ACCOUNT FIGURES—PLANS TO ASSIST EXPORT INDUSTRIES

Hon. Robert L. Stanfield (Leader of the Opposition): Mr. Speaker, I have a question for the Minister of Industry, Trade and Commerce arising out of the deficit on trading account for the month of April because of the lack of exports and rising imports. I should like to ask the minister whether his policy planning with regard to Canadian industry in his department is based on the expectation that this will be a continuing situation or that this trade deficit is purely a temporary condition confined to one month?

Hon. Jean-Luc Pepin (Minister of Industry, Trade and Commerce): Mr. Speaker, unfortunately the information provided in this morning's paper is wrong. It refers to a deficit of $35 million and it should be a surplus of $2.2 million.

Mr. Stanfield: It was what?

Mr. Pepin: It refers to a deficit of $35 million and it should have been a surplus of $2.2 million for the month of April. The difference is that they did not include re-exports in the export figures. The real figure is a surplus of $2.2 million. On the basis of the first four months of 1972 the seasonalized annual rate at the moment is about $600 million surplus in the trade balance for the full year. If you look at the last three months it is $900 million. That is the picture.

Mr. Stanfield: I hope this does not reflect any complacency on the part of the minister.

Mr. Pepin: No, far from it.

Mr. Guay (St. Boniface): It is not a deficit—it is not heavy water.

Mr. Stanfield: I would like to ask the minister whether the government has any specific plans in mind to assist Canadian export industries which are not making any significant profits and are therefore not being helped by the budget. Has the minister any specific plans to help other Canadian exports which are suffering difficulties as a result of the increase in the value of the Canadian dollar, for example, about which the former minister of finance took a rather complacent attitude several months ago?

Mr. Speaker: Order, please.

Mr. Stanfield: Has the minister any specific plans?

Mr. Speaker: Order, please. I have some doubts as to the question. The hon. Leader of the Opposition is inviting the minister to make a statement which normally ought to be made on motions. He is inviting the minister to indicate what specific plans his department or the government may have under consideration in view of certain circumstances. That information should be given on motions.

• (1200)

Mr. Stanfield: Mr. Speaker, I apologize for the length of my question, which was almost as long as the minister's answers. May I ask the minister whether he has any specific plans or whether he will make a statement at an early date, with regard to any specific plans to help industries that are not being helped by the budget introduced by the Minister of Finance?

Mr. Pepin: Mr. Speaker, I keep pouring out communiqués; unfortunately, my hon. friend does not seem to read them. In the last four months we have created, in my department, four new ways of helping Canadian exporters. We are contributing 50 per cent of the cost of bidding abroad on capital projects; we contribute 50 per cent toward bringing potential buyers to Canada; we are contributing 50 per cent toward market analysis round the world and we are contributing 50 per cent toward participation in international fairs. We brought in a number of people from big trading companies in Japan to buy in Canada. Three of them have already bought more than $70 million worth of goods in Canada. We keep pouring these communiqués out every day. I regret that the hon. member does not read them.

Inquiries of the Ministry

ENERGY

PROPOSED GAS PIPELINES FROM ARCTIC TO HAMILTON AND MONTREAL—ABILITY OF INDUSTRY TO SUPPLY PIPE

Mr. Rod Thomson (Battleford-Kindersley): Mr. Speaker, may I direct my question to the Minister of Industry, Trade and Commerce. In view of the new gas strike in the Arctic and in view of the suggestion regarding pipeline routes to Hamilton and Montreal, would the minister say if studies are being made to determine whether Canada's pipeline manufacturing capacity will be adequate to supply pipe for any such lines?

Hon. Jean-Luc Pepin (Minister of Industry, Trade and Commerce): Mr. Speaker, I could not answer that question on the spur of the moment. I will look into it and try to provide an analysis.

PROPOSED GAS PIPELINES FROM ARCTIC TO HAMILTON AND MONTREAL—GOVERNMENT ROLE IN RECONNAISSANCE AND ECOLOGICAL STUDIES

Mr. Paul Yewchuk (Athabasca): Mr. Speaker, may I direct a supplementary question to the Minister of Energy, Mines and Resources. Can he say briefly in what manner his department is involved in the reconnaissance study that is being carried out, what efforts will be made to undertake ecological studies and what other involvement there will be?

Hon. Donald S. Macdonald (Minister of Energy, Mines and Resources): Mr. Speaker, I should point out to the hon. member that it is Panarctic that is involved in this matter and it falls under the responsibility of my colleague, the Minister of Indian Affairs and Northern Development, who also has responsibility north of the 60th degree of latitude for the area over which the pipeline would pass. I suggest that the hon. member might direct this question to the minister when he returns to the House next week.

* * *

FISHERIES

REQUEST FOR STATEMENT ON RESULTS OF ICNAF MEETING

Mr. James A. McGrath (St. John's East): Mr. Speaker, I have a question for the Minister of Fisheries. As the annual meeting of the International Commission for the Northwest Atlantic Fisheries is to conclude today, is the minister able to tell the House what success Canada has had in getting its position adopted? If not, can the minister tell the House when he will make a statement on the outcome of the conference?

Hon. Jack Davis (Minister of Fisheries): Mr. Speaker, we have had considerable success in Washington. We have managed to get the principle of sustained yield management endorsed by all 15 nations. Quotas are being established. Canada's special coastal state position will also be recognized. The details will be announced this afternoon, I expect, in Washington at the conclusion of the annual meeting of ICNAF.

[Mr. Pepin.]

Mr. McGrath: Can the minister say what happened to our proposal to ban salmon fishing on the high seas?

Mr. Davis: Mr. Speaker, as I understand it, we were unable to obtain the necessary 10 votes out of 15. We will, of course, continue to press for our policy involving a total ban on the high seas fishing for salmon.

POSSIBILITY OF LAW OF THE SEA CONFERENCE IN 1973 AND RESOLUTION OF DIFFICULTY RESPECTING ATLANTIC SALMON

Mr. Lloyd R. Crouse (South Shore): Mr. Speaker, may I direct a supplementary question to the minister. Since persistent, deep differences among some 91 nations preparing for a 1973 Conference on the Law of the Sea to rewrite imprecise and outmoded laws has threatened to delay action that is urgently needed to prevent serious international conflict over the uses of the ocean and the ocean floor, has any indication emanated from the recent conference, or from any discussion in which the minister may have taken part, that there will be a Conference on the Law of the Sea in 1973 to help to resolve these difficulties and, hopefully, to encourage the Danes to realize that conservation measures must be adopted to preserve our Atlantic salmon?

Hon. Jack Davis (Minister of Fisheries): Mr. Speaker, as I understand it, the Law of the Sea Conference is still scheduled to be held in 1973. I hope it will be held next year. In preparation for this conference we are hosting an international conference of all those nations interested in conserving the living resources of the sea in Vancouver next February to help reinforce Canada's position by explaining it to other fishing nations which we hope adopt our policy for the Law of the Sea conference itself.

REQUEST THAT BAN ON ATLANTIC SALMON FISHERY BE REMOVED IN LIGHT OF INABILITY TO ACHIEVE AGREEMENT WITH DENMARK

Mr. James A. McGrath (St. John's East): I have a supplementary question, Mr. Speaker. In view of our inability to achieve a ban on salmon fishing on the high seas, is the minister now prepared to end what amounts to discrimination against Canadian commercial salmon fishermen and permit them to catch salmon until the Danes are prepared to cease catching salmon on the high seas?

Hon. Jack Davis (Minister of Fisheries): No, Mr. Speaker. I think that would be suicidal so far as the large salmon are concerned. We are offering our fishermen a formula, which most have already accepted, under which they will enjoy an income equivalent to that of their three best years in the 60's. Remember also that they will not have the expenses of going out to fish.

CONSUMER AFFAIRS

ALLEGED EXCESSIVE MARKUPS ON SCOTCH WHISKY BY LIQUOR CONTROL BOARDS

Mr. Thomas M. Bell (Saint John-Lancaster): Mr. Speaker, my question is directed to the Minister of Industry, Trade and Commerce. Last Friday, as recorded on page 2592 of *Hansard,* I asked about the excessive markup on imported scotch whisky sold in Canada and whether this constituted a possible infringement of GATT. Has the minister any information for us, before we buy our bottle for the weekend.

Hon. Jean-Luc Pepin (Minister of Industry, Trade and Commerce): Mr. Speaker, some countries of the world have protested to GATT that we in Canada, have a higher markup on imported whiskey than on Canadian-made whiskey. The government will be taking the matter up with the provinces concerned as part of the preparations for the general round of trade negotiations to be held under GATT auspices in 1973.

Mr. Bell: Mr. Speaker, would the minister suggest that we switch to rum for the time being?

* * *

OIL

PROPOSED TAPS TANKER ROUTE—SUBMISSION OF HOWARD PAISH STUDY TO UNITED STATES GOVERNMENT

Mr. T. C. Douglas (Nanaimo-Cowichan-The Islands): Mr. Speaker, may I direct my question to the Minister of the Environment. Now that Secretary of the Interior, Rogers Morton, has approved the trans-Alaska pipeline system involving the shipment of oil from Valdez to Cherry Point by tanker, may I ask whether or not the report of Howard Paish and Associates, which was prepared for the government under contract, has been given to Mr. Morton and his department in order that they might study the recommendations made therein to deal with this situation?

Hon. Jack Davis (Minister of the Environment): Mr. Speaker, the answer is yes. We are also hopeful that interested parties on the United States side, particularly in the Puget Sound area, will recognize the danger to recreation, real estate values and tourism in that area and join forces with Canadians in order to bring this threat to an end.

PROPOSED TAPS TANKER ROUTE—DISCUSSION OF PAISH REPORT WITH UNITED STATES OFFICIALS

Mr. T. C. Douglas (Nanaimo-Cowichan-The Islands): Mr. Speaker, in view of the announcement today that Mr. Richard Nehring, economic analyst for the Department of the Interior of the United States, has resigned because the investigation into the ecological effects of the proposed route has been completely inadequate, may I ask if the minister is planning any meetings with Secretary of the Interior Rogers Morton, or if any officials of the ministers's department are holding meetings, with a view to discussing the recommendations of the Paish report?

Hon. Jack Davis (Minister of the Environment): Mr. Speaker, we are currently engaged in meetings at the official level relative to the problem of tankers entering the Puget Sound area. Hopefully, these discussions at the official level will lead to fruitful discussions at the cabinet level.

PROPOSED TAPS TANKER ROUTE—POSSIBLE GOVERNMENT CONTINGENCY PLANS

Mr. Frank Howard (Skeena): I have a supplementary question, Mr. Speaker. If the pipeline-tanker route is implemented, has the minister any contingency plans for dealing with this, if all else fails?

Hon. Jack Davis (Minister of the Environment): Mr. Speaker, contingency plans are being developed, with the Department of Transport playing the leading role. These are necessary, in any case, because there are shipments of chemical and oil products in that area now. It is our expectation, of course, that if the trans-Alaska pipeline is built, 80 per cent or more of the oil will go direct by tanker to California. It is not essential that the oil be brought into the Puget Sound area even if the Alaskan pipeline is built, because Washington State refineries can be supplied by pipeline from Alberta.

Mr. Speaker: Order, please. We must make headway. I will return to the hon. member for Skeena in a moment, In the meantime the Chair will recognize the hon. member for Grand Falls-White Bay-Labrador.

* * *

TAXATION

INQUIRY AS TO REASON FOR DELAY IN MAKING INCOME TAX REFUNDS

Mr. Ambrose Hubert Peddle (Grand Falls-White Bay-Labrador): Mr. Speaker, my question is for the Minister of National Revenue. Will the minister investigate and report to the House why income tax refunds to individual taxpayers whose returns are simple and uncomplicated are in many cases taking three months or longer to process?

Hon. Herb Gray (Minister of National Revenue): Mr. Speaker, I will be happy to look into that question for the hon. member.

SALES TAX—POSSIBLE ELIMINATION ON ARTICLES MANUFACTURED BY THE PHYSICALLY HANDICAPPED

Mr. Don Mazankowski (Vegreville): Mr. Speaker, may i direct my question to the Minister of State. Can he advise the House if any consideration is being given to extending the elimination of the federal sales tax to articles manufactured in institutions employing physically handicapped persons, in addition to the elimination provided in the budget, which affects articles manufactured by the deaf, mentally retarded, and so on?

Inquiries of the Ministry

• (1210)

Hon. P. M. Mahoney (Minister of State): Mr. Speaker, the elimination of the sales tax on articles manufactured by deaf and blind people was provided for in the recent budget. Representations to the effect that this should be extended to the physically handicapped have been received. Any indication of a decision by the government will, of course, be a budgetary matter, and the hon. member will have to wait for a budget statement.

* * *

TRADE

TOBACCO—PROMOTION OF EXPORTS—STUDY OF UNITED STATES PLAN

Mr. William Knowles (Norfolk-Haldimand): Mr. Speaker, my question refers to an answer given by the Minister of Industry, Trade and Commerce wherein he recited several ways in which Canadian exports are being promoted. Has the government studied the plan of the United States government to promote sales of tobacco abroad with a view to applying it to assist in the export of Canadian leaf tobacco?

Hon. Jean-Luc Pepin (Minister of Industry, Trade and Commerce): Mr. Speaker, I do not think you will find many people in the tobacco industry in Canada who will say that they have not been fully supported by the Department of Industry, Trade and Commerce. The recent sale to China which I announced was a direct result of the efforts of the department. If my friend knows of other ways in which we can support the tobacco industry, I will be glad to look into them.

Mr. Knowles (Norfolk-Haldimand): Mr. Speaker, I specifically asked the minister if he will study the means by which the United States government supports their tobacco industry with subsidies and still gets around the GATT—

Mr. Speaker: Order, please. That is obviously a suggestion by the hon. member.

* * *

[*Translation*]

POLLUTION

MEASURES TO PREVENT CONTAMINATION OF LAKES AND RIVERS

Mr. Léonel Beaudoin (Richmond): Mr. Speaker, my question is for the Minister of the Environment and Minister of Fisheries.

Since the minister stated a moment ago that town planning methods will have to be improved and that industry will have to recycle its waste, does he intend to bring in some amendments to Bill C-144 under which action could be taken against the polluters of our lakes and rivers?

[*English*]

Hon. Jack Davis (Minister of the Environment): Mr. Speaker, I think the legislation already on the statute books of Canada is sufficient to carry out the federal obligation in this connection.

[Mr. Mazankowski.]

* * *

EXTERNAL AFFAIRS

NATO—REQUEST FOR REPORT ON RECENT MEETING

Mr. Heath Macquarrie (Hillsborough): Mr. Speaker, my question is for the Acting Prime Minister. Considering that the Secretary of State for External Affairs has returned from high level meetings of the NATO alliance but has not deigned to come into the House and report on these deliberations, may I ask the Acting Prime Minister if this casual attitude reveals a further dimunition of this government's interest in NATO?

Mr. Speaker: Order, please. I am sure the hon. member will appreciate that a question asked in those terms is not in order.

* * *

IMMIGRATION

DEPORTATION ORDER AGAINST TUAN VU—POSSIBLE GOVERNMENT AID IN COURT ACTION TO SET ASIDE

Mr. Les Benjamin (Regina-Lake Centre): Mr. Speaker, my question is for the Minister of Justice. Although he may already be aware of it, I draw to his attention the deportation order which was upheld by the Immigration Appeal Board involving Tuan Vu, a South Vietnamese deserter, and the fact that if the deportation order is carried out he will almost certainly be executed on his return to Viet Nam. Will the minister give consideration to appearing as an *amicus curiae*, I believe it is called, a friend of the court, in any action in a federal court to have this deportation order set aside?

Hon. Otto E. Lang (Minister of Justice): Mr. Speaker, in any action which is taken in connection with deportation orders it is the function of the Minister of Justice to act for his colleague, the Minister of Manpower and Immigration, not for other parties to the proceedings. The Immigration Appeal Board, of course, takes into consideration fully all factors of possible danger to persons involved before arriving at conclusions.

Mr. Benjamin: Since the members of the Immigration Appeal Board have hearts of stone, may I ask the Minister of Justice—

Mr. Speaker: Order, please.

[*Later:*]

Mr. R. N. Thompson (Red Deer): Mr. Speaker, my question is supplementary to that asked by the hon. member for Regina-Lake Centre. Will the Minister of Justice use his good offices to advise the Minister of Manpower and Immigration that a deserter from another country such as South Viet Nam should surely have just as much right as a deserter from the United States? In dealing with this situation there is some element—

Mr. Speaker: Order, please. The hon. member is making a representation rather than asking a question.

* * *

ADMINISTRATION OF JUSTICE

REQUEST FOR FINANCIAL ASSISTANCE TO LEGAL AID PROGRAMS—GOVERNMENT POSITION

Mr. S. Perry Ryan (Spadina): Mr. Speaker, my question is for the Minister of Justice. Is the government going to respond to the plea of the Canadian Civil Liberties Association for more financial assistance to legal aid programs?

Hon. Otto E. Lang (Minister of Justice): Mr. Speaker, it may not have been brought to the attention of the Civil Liberties Association but I thought it would have come to the attention of the hon. member that in the Speech from the Throne we indicated our intention to take certain steps to assist in the development of legal aid programs in Canada.

ALLEGED NEED FOR POLICE WARNING OF ACCUSED ON RIGHT TO SILENCE AND TO COUNSEL—GOVERNMENT ACTION

Mr. S. Perry Ryan (Spadina): I have a supplementary question with regard to another request from the association. Is the association's request that police be required to inform an accused of his right to silence, counsel or subsidized legal aid going to be granted and, if so, when may we expect legislation to be introduced?

Hon. Otto E. Lang (Minister of Justice): Mr. Speaker, as I answered to a very similar question in the House yesterday, the question of any changes in our criminal procedures is one which is being examined by the Law Reform Commission as well as within the Department of Justice. I foresee changes in the criminal law on a fairly frequent basis in the future. As I indicated to the House, questions like this will be considered by the commission, the department and the government.

* * *

VETERANS AFFAIRS

SAILORS' MEMORIAL, HALIFAX—POSSIBILITY OF SECURING NATIONAL FINANCING

Mr. Robert McCleave (Halifax-East Hants): Mr. Speaker, my question is for the Minister of Veterans Affairs. Will the minister again look into the question whether the sailors memorial in south-end Halifax can be considered a national monument and given national financing since that memorial represents the sacrifice of a country rather than the sacrifice of a community?

Hon. Arthur Laing (Minister of Veterans Affairs): Mr. Speaker, these monuments are not the responsibility of my department, but I will certainly take the hon. member's representations into account.

Inquiries of the Ministry

POSSIBLE INCREASE IN DISABILITY PENSIONS—REQUEST FOR REFERENCE TO STANDING COMMITTEE FOR RECOMMENDATIONS

Mr. William Knowles (Norfolk-Haldimand): Mr. Speaker, I wish to draw the attention of the Minister of Veterans Affairs to a question which I directed to his parliamentary secretary yesterday. It is recorded on page 2754 of yesterday's *Hansard*. Can the minister give me an answer before the question period is over?

INQUIRY AS TO AMENDMENT OF VETERANS LAND ACT

Mr. Bill Knight (Assiniboia): Mr. Speaker, my question is for the Minister of Veterans Affairs. In view of the fact the Minister of Agriculture has introduced a bill to amend the Farm Credit Act which will increase the limit on loans, can the minister inform the House whether he will be proposing any amendments or changes to the Veterans Land Act?

Hon. Arthur Laing (Minister of Veterans Affairs): Mr. Speaker, there has been a disinclination on the part of the Department of Veterans Affairs to extend and expand the opportunity for veterans to go into farming. It has been regarded as a phase-out operation. If there are amendments to the Farm Credit Act, there will probably be some parallel legislation required in our field.

Mr. Speaker: Orders of the day.

Mr. Rowland: Mr. Speaker, I rise on a question of privilege with regard to the response I received from the minister responsible for the wheat board to my earlier question. In relation to that, I wish to refer to the reply to order paper question No. 397 of the last session of Parliament, dated November 9, 1970. In answer to a similar question I received the following answer from the Department of Transport:

> The U.S. Code of Federal Regulations (specifically Section 207.441 of Title 33) covering security regulations for the St. Marys Falls canal and locks prohibits passage of "vessels of the Sino-Soviet block countries" through the Soo locks. This would appear to prevent passages of vessels from these countries via U.S. waters to all Canadian ports on Lake Superior.

In light of that response, I think the minister should reconsider his reply.

Mr. Speaker: That is possible, but it cannot be brought to the attention of the House by way of a question of privilege. Is the hon. member for Humber-St. George's-St. Barbe rising on a question of privilege?

• (1220)

Mr. Marshall: On a point of order, Mr. Speaker, I wonder whether the Minister of Veterans Affairs was aware of the question asked by the hon. member for Norfolk-Haldimand (Mr. Knowles) in connection with basic rates of pension. I wonder why he did not answer the question.

Mr. Speaker: Order, please. The question period has ended. I assume that the question can be asked again and answered at the beginning of next week.

GOVERNMENT ORDERS

BUSINESS OF SUPPLY

ALLOTTED DAY, S.O. 58—ALLEGED FAILURE OF GOVERNMENT TO ENACT MEASURES TO PROVIDE HOUSING AT REASONABLE PRICES

Mr. Robert McCleave (Halifax-East Hants) moved:

This House regrets that the government has failed to take measures which would provide all citizens with decent housing at reasonable prices.

He said: Mr. Speaker, housing debates always offer members an opportunity to quote statistics, and I shall begin by citing one which I think illustrates the housing problem as well as any. The average family head buying a house this year will be approximately 72 years old before he has paid for his $30,000 bungalow. At the age of 72 he will have actually paid $103,939.20 for that bungalow if he has been able to arrange his payments at a rate of 8½ per cent over 40 years. He would undoubtedly be able to arrange a direct mortgage over that length of time, but 8½ per cent is an interest rate which belongs to a more golden age.

The figures show the staggering totality of the difficulty Canadians are up against in providing themselves with one of the elementary needs of living. I shall not try to cover all the aspects of housing in my speech. It would not be possible in 30 minutes. Anyway, my hon. friends will be making points in addition to those I make. Before I get into the burden of my speech, I should like to thank the Minister of State for Urban Affairs (Mr. Basford) for his courtesy. I advised him yesterday I would be proposing this motion today. He did have a meeting actually scheduled today on the west coast, but this he cancelled in order that he might be here for the debate. Perhaps we could work out a procedure whereby longer notice is given to the spokesmen for the ministry and for the other parties. This is something to which I would certainly give attention. I do thank the minister for his courtesy in this direction.

Some hon. Members: Hear, hear!

Mr. McCleave: This having been said, I would hope that the minister, when his turn comes to take part in the debate, will state the objectives of any changes in the National Housing Act affecting the Central Mortgage and Housing Corporation which will be proposed before the House rises for the summer recess. There has been considerable talk about legislation being just around the corner, but some of us expect that this corner may be at the end of a complicated maze and that we are not likely to see anything except the act which is currently before us and which will be before us some time next week concerning the details of the mechanism of mortgage finance. In particular, I hope the minister will state his objectives with respect to the housing of people in the low income groups, a largely neglected part of the population when it comes to housing.

We should also be given a clear indication by the minister of any measures designed to deal with the rehabilitation of older neighbourhoods. At one time it was fashionable to uproot them and substitute expensive urban renewal. We may have lost sight of the fact that much of the housing in Canada is old, and that a good deal of this old housing is occupied by the poor. By uprooting the poor we do not necessarily solve our problems; we may be substituting new ones. The rehabilitation of old housing is one of the priorities to which any government or parliament should pay attention.

In making some recommendations and setting forth a few suggestions for solving some of our present housing problems, I should like to begin with one we have sought to hammer home from time to time, and will continue to do so until the present situation is corrected. I refer to the sales tax on building materials. We have urged, sometimes by motion, and invariably during these debates on housing, that this tax is iniquitous, that it bears no relevancy to proper aspects of taxation and that it should be removed.

I should like to follow a somewhat different approach in presenting this argument today. A study by the technical research committee of the Housing and Urban Development Association of Canada estimated that on-site labour now represents 24 per cent of the cost of construction, whereas 15 years ago it represented 45 per cent of the cost of construction of a home. Building materials represent 74 per cent of the cost of a home—perhaps more, now, since those figures were compiled a number of years ago, and presumably the trend upwards has continued. Equipment rental accounts for 2 per cent. So, 76 per cent of the cost of the construction of a home involves building materials or equipment rental, both subject to the sales tax I have mentioned. The remainder is made up of labour costs. If we take between 6 and 7 per cent off that figure of 76 per cent, substantial savings can be achieved. For example, on the cost of a $30,000 home one could achieve savings in the neighbourhood of $1,000. This is not pin money; it is a substantial part of the cost of that house. This reinforces the argument which has been made in many other ways that the sales tax on building materials simply has to go. In the name of equity, common sense, and as a substantial way of getting housing costs within the reach of those for whom housing costs are just beyond reach at the present time, this is nothing short of a necessity.

The second point I should like to make has to do with land costs. These are particularly high around Toronto. Part of the difficulty is that the servicing of land by the municipalities always tends to lag behind the need for that land. There are always customers ready to buy serviced land. They have to wait their turn, and while doing so they keep bidding each other up. In the course of another study, made by the same HUDAC group in April, 1969, it was estimated that the cost of land of a 50 ft. lot in Toronto was in the neighbourhood of $13,000. This was the most substantial raw land cost of the cities surveyed. The other cities were Halifax, Montreal, Hamilton, Winnipeg, Calgary and Vancouver. It was so substantially different that it was obvious the Toronto area and that part of Ontario was being subjected to processes of urbanization that were much more advanced than those in any other part of Canada.

• (1230)

I have referred to this process before. I think this is about the fourth time I have told the House that the

megalopolis is coming to this area of Canada along the St. Lawrence system between Montreal stretching down to Windsor, into Detroit and going into the United States as far as Milwaukee. All the expert studies conducted by the Doxiadis group, one of the world's leading authorities in this field, have shown that that area's population is developing at a faster rate than any other area in North America. The population growth will be greater than the population growth in the existing megalopolis on the eastern seaboard between Boston and Baltimore. We all know the severe problems that have been created along this particular corridor, such as transportation, pollution, socio-economic problems, crime and so on, by this one continuous strip of humanity. That is bad enough, but it can not only happen here, it is going to happen here. Many Members of Parliament, particularly the younger members, are going to be seized of this problem and perhaps overwhelmed by it unless something is done about it now.

In any event, I suggest this illustrates that land costs in Toronto are under particular pressure since Toronto is at the heart of this megalopitan development to which I have referred. It illustrates to me that several things are involved in land development and land costs. First of all, there is a need for an urgency in planning, certainly a much greater urgency than that shown at the present time. We need a planning that involves the cities and the metropolis of Toronto, the governments of Ontario and Quebec and every municipality in this particular corridor. Planning must also involve the new airport near Toronto, for example. Since three levels of government are desperately involved—and I use the word "desperately" advisedly—all the more reason for those governments to get together and tackle the problem of the St. Lawrence megalopolis. If this problem is not tackled now, then this generation which can see the problem coming will forever be reviled for having done very little about it. Therefore, it would be Conservative party policy to establish a national urban council of Canada representative of all levels of government to tackle this and the general problem of growing urbanization in Canada.

Another way to deal with land costs is to adopt the land bank proposal presented, and presented vigorously, by my leader. I suggest that in addition one consider the early provision of local services, sewage and water systems, for developments. The quicker these are tackled, particularly in high cost areas, the more the chance of keeping down costs. It is the land that lies dormant that attracts the high interest rates which are paid to the banks by the owner of the land, and we all know that the burden of these high interest rates ultimately falls upon the purchaser of the land. So there are at least three suggestions for dealing with some of the very aggravated problems that now exist, particularly in Toronto and in other parts of Canada.

Another point I should like to make flows out of a recent study presented by the Canadian Council on Social Development in Ottawa. This study has gone to every M.P.'s desk and I should like to deal with a point made at page 69 and with a recommendation that appears at page 74 which commend themselves to me. In talking of studies of housing requirements the report says:

On the whole, studies tend to be more concerned with housing demand (as a classical economic concept) than with determining the dimensions of effective demand and unmet housing needs and spelling these out in terms of both subsidized and unsubsidized new construction and rehabilitation goals.

This is the recommendation to be found at page 74:

We consider the development of as accurate estimates as possible of future housing requirements to be a prerequisite for an intelligent and purposeful deployment of resources in the housing field. Without a better appreciation of the dimensions of future effective and non-effective demand for housing, public interventions in the housing market can be likened to building a dam across a river without taking the trouble to measure the water's depth. It is unlikely we will ever devise comprehensive policies capable of providing decent and reasonably priced housing for all Canadians as a right until we learn a great deal more about the extent of our present housing shortcomings and the likely effect of future social and economic trends.

I should now like to go to a point that I made on March 13 when housing was being considered by this House. As reported at page 783 of *Hansard* I had this to say on the subject of housing for people of low income, and I think it illustrates the problem we are facing:

In 1968, the lower income third of the population of this country took 6.5 per cent of the money available for housing, the middle income third took 49.4 per cent and the upper income third took 44.1 per cent. Two years later the figures in those three respective categories were 5.3 per cent, 54.2 per cent and 40.5 per cent.

If you want to show how rapidly the position of lower income Canadians has deteriorated in almost the last decade, note that in 1965 the lower income third share of the borrowings was 17.9 per cent, which shrunk to 5.4 per cent in 1970—an almost incredible statistic—

Yes, an almost incredible statistic that shows a deficiency in government planning but, even more than that, an almost incredible indictment of the so-called just society. As the columnist Dian Cohen wrote in the Toronto *Star*, in a paragraph headed "Pitifully inadequate":

In the past 25 years, CMHC programs have produced about 250,000 housing units for the estimated 1,500,000 low income families in Canada. Simple arithmetic shows this number to be pitifully inadequate.

In the same article she went on to say:

The Charney report to the Central Mortgage and Housing Corporation on low cost housing states that "the housing available at present for low income families is found for the most part in older existing stock. While only 41.3 per cent of the Canadian population lives in accommodations that were constructed prior to 1940, on the average 54.4 per cent of those with incomes less than $5,000 occupy such dwellings—in the Atlantic provinces and in Ontario the figures are 61.4 per cent and 60.0 per cent respectively.

• (1240)

I think we should investigate ways to permit low and middle income families to borrow up to 100 per cent of their property costs. At one time this would be considered heresy, but we have helped in other directions; industry has been helped in many ways, and this would have been unbelievable to Members of Parliament 30 or 40 years ago. I suggest these low and middle income families should be subsidized by the government to help pay for their homes. If we did this through the medium of public housing, which has to be subsidized as far as rental payments are concerned, we could somehow extend the concept and give the man or woman of humble means the ability to own a piece of the action in Canada. I find nothing distasteful in that kind of an approach. By low income, I do not mean only families or five or six living on

$4,000 to $7,000 a year, I also mean families of 10 living on an income of $10,000 a year, because I think that such a family can also be considered to be low income.

Under Sections 15 and 40 of the National Housing Act, money is available to non-profit groups and municipalities to purchase existing property and to rehabilitate them for renting or selling. In my opinion this section of the act has not gone far enough. My party recommends that the federal government extend the National Housing Act provision to make federal grants and loans available for rehabilitation of existing dwellings. Financial assistance should be on the basis of individual need. There are 250,000 homes in Canada in serious disrepair, and about one million substandard homes. Something should be done in this regard. I suppose the difference between the minister and myself is that I would get these things done, and I am wondering when he is going to try to do something.

Another problem in the cost of residential rehabilitation results from—

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

Mr. Deputy Speaker: Order, please. The hon. minister may ask a question if the hon. member consents.

Mr. Basford: I was wondering whether the hon. member would permit a question? Does his last remark mean that he is calling for an immediate introduction of amendments to the National Housing Act?

Mr. McCleave: Yes. Another problem in the cost of residential rehabilitation results from the high proportion of elderly people who find themselves in this particular situation. Toronto studies have revealed that a high proportion of residents, living in housing which does not meet minimum city standards, are over the age of 65. Of the 1.7 million Canadians over 65, the income of one million of them consists only of the old age security and guaranteed income supplement. In their declining years our elderly citizens living on fixed incomes have enough difficulty maintaining a subsistent way of life without contemplating unbearable costs in the form of shelter maintenance.

I know, as I am sure other Members of Parliament do, of many families of old people who are scrimping on their diets and on almost everything in order to somehow scrape together enough money for taxes, heat and light bills and the like, simply to keep that house over their heads in which they have lived for so long.

Mr. Stanfield: The government is giving them almost 10 cents a day more.

Mr. McCleave: May I point out that the Dennis Task Force on Low-Income Housing in 1971 recommended that the federal government should undertake an aggressive land assembly program to stem the most inflationary factor in the housing cost; the price of land. However, the federal loan provision for the acquisition of servicing of land for housing purposes expired March 31, 1972. This is an indictment in itself. There should be better provision for earlier servicing of land. That is an important element.

Finally, I should like to refer to a point made by the Canadian Federation of Mayors and Municipalities. This point naturally arose as a result of the obligations of these municipalities to raise the wherewithal for developing sewer and water services. Let me quote from this statement:

> The Canadian Federation of Mayors and Municipalities believes that the present system of sharing revenues among the three levels of government is out of balance. We feel that this imbalance is leading to a growing gap between needed and actual expenditures at the local level with a consequently detrimental impact on the quality of life in our communities. Moreoever, we feel that this imbalance promotes a deterioration in the independence and vitality of the municipal level.

I suppose some of them feel that way since they have very difficult negotiations with provincial governments. This federation then said in its statement:

> The solution lies, at least in part, in righting the imbalance with the introduction of a new source of revenue for local government. We therefore offer the following proposal:
>
> That the Federal and Provincial Governments agree to share with local government a portion of their proceeds from personal and corporate taxes;
>
> That the portion to be shared be decided upon by a tri-level conference;
>
> That the municipal share of personal income tax proceeds be distributed on the basis of place of residence;
>
> That the municipal share of corporate income tax proceeds be distributed on the basis of an equalization formula devised by a tri-level conference.

Later on in the statement, we find the following:

> The transformation of the revenue-sharing system in the last decade has not been of great benefit to the local level. Municipalities have been left to rely on a highly regressive, inelastic tax as their principle source of tax revenue. Moreoever, the present system leaves the local level at the end of expensive and costly conditional transfer programs. These programs, often initiated by other levels of government without consulting the local level, must be delivered by local government sometimes at the expense of their own responsibilities. The present system, in other words, not only fails to alleviate fiscal squeeze at the local level, it actively promotes it.

Let me give you another example. A poor individual might be left a Rolls-Royce by rich Aunt Emma, but may find the upkeep almost more than he can bear. I have mentioned the plight of older people again and again. Their housing needs are substantial. I use that argument to show why a new tax base is needed and why there has to be meaningful negotiation among the three levels of government in order to assist municipalities faced with staggering changes in the Canadian way of life, namely the rush toward urbanization. There must be a new tax base in order to tackle the problems of urbanization.

Frequently, older homeowners take the view that their homes will, with a minimum upkeep in expenditures, provide for their diminishing needs for the remainder of their days. Many are not interested in, or unable to undertake repairs. Improved property attracts increased property taxes, as an added price for keeping up the fabric and appearance of a dwelling. This is my point and it is particularly true of those people who are the greatest victims of inflation in Canada today. I would not, and cannot say when inflation is going to stop. If 18 per cent more money every year is to be printed on the presses of the Bank of Canada, costs will continue to go up and up, and most people will feel utterly helpless in the face of such a method of financing.

These are some of the ills and some of the solutions I would suggest. Above all, I suggest there is a need for greater action by the Minister of State for Urban Affairs (Mr. Basford). As I have said, he needs greater powers, and this has been argued by others including my leader. That gives me hope the day will come when we will have a federal department that will not only pay lip service to the idea that Canada is rapidly becoming urbanized, that the rural pleasantry of the Canada of Sir John A. Macdonald is giving way to the vast conglomeration in our cities, but will introduce policies that will be wise and sensible enough to provide a more stable and more meaningful way of life for the people living in the cities. I have presented some of my suggestions. My colleagues will follow with others. The matter is really too important to be simply a matter of presenting ideas over and over again in Parliament. This is a time for action. It is a time for action now.

• (1250)

Mr. John Gilbert (Broadview): Mr. Speaker, the members of the New Democratic Party agree with the substance of the motion brought forward by the Progressive Conservative party. We say the government has failed to take measures which would provide all citizens with decent housing at reasonable prices. If a vote were to be taken on the motion we would add two amendments. The first amendment would be to the effect that the government has failed to provide decent housing at reasonable cost and also at reasonable interest rates. The second amendment would be to the effect that the government has failed to give any protection to purchasers of new homes against home builders who perform shoddy and defective workmanship and supply inferior materials in the construction of new homes. Those are the two amendments we would move.

I am sure most Canadians agree with the principle set forth in the task force report on housing back in 1969 when it declared that all Canadians should be entitled to clean, warm shelter as a matter of a basic human right. We in the New Democratic Party, and many others, would adopt the stronger and more forceful approach that was set forth by the Canadian Social Development Council when it said that all Canadians should be guaranteed the right to decent housing, whether or not they can afford it. The government has failed to implement either of these two principles. I agonize when I recall the performance of the ministers since I came into the House of Commons in 1965.

First, we have had five ministers in eight years. I am sure the officials of the Central Mortgage and Housing Corporation cannot sing the familiar song "I am getting to know you" because having five ministers in eight years does not give leadership for the development of firm policies under the National Housing Act we have today. I recall, first of all, when John Nicholson and the present Minister of National Defence (Mr. Benson) took the approach of acting as friendly bankers and just supplying the money without giving leadership. In the period 1965-68, we had a tremendous shortfall in housing construction units across the country.

Then we had the present member for Trinity (Mr. Hellyer) who set up a task force to study the problems of Housing. That task force reached certain conclusions. First of all, it said that the private sector could take care of the housing needs. It is obvious that the private sector has failed to achieve this objective. Second, the then minister said we should take the ceiling off interest rates and then the interest rates in all probability would drop. The government failed to adopt that approach. The minister at that time then suggested that a damper be placed on public housing. The result was that public housing was set back and the need for public housing across the country has intensified. Finally, he said we should deal directly with the municipalities in respect of purchasing land. He presented this proposal to the present Prime Minister (Mr. Trudeau) who rejected it. The result was that the present member for Trinity resigned as minister.

Then we had the present Minister of Consumer and Corporate Affairs (Mr. Andras), who brought to the housing portfolio the compassion and sincerity he acquired when dealing with the Indians. He became overwhelmed with the problem of housing and said that we must take the research approach. He hired Harvey Lithwick who brought forth a report. No action was taken on the report and Mr. Lithwick had to resign. He said the whole department is just an empire-building bureaucracy. Then, we had Michael Dennis, because the minister said we should have a report on research and planning in respect of housing. This report has been concealed. We have a concealment of reports by the present minister, especially those which would be embarassing to the government. The minister refuses to table them and make them public. He keeps us all in the dark in respect of their comments and recommendations.

Then, the present Minister of Consumer and Corporate Affairs said we must have innovative housing and undertake a new approach. The government set aside $200 million to take care of that. The housing committee of the Canadian Social Development Council put the situation quite well when, in its report, it said that there was nothing innovative with regard to the houses built and that in fact if there was any result it was smaller homes on smaller lots. The present Minister of Consumer and Corporate Affairs then decided that a new department should be set up and that he should be made the Minister of Urban Affairs. This was what he did. Perhaps he was embarassed in respect of his other position as Minister without Portfolio in charge of housing. He was probably charged with being the minister without housing in charge of portfolios. As a result, we have the present minister who this morning said we would have progressive and forward-looking proposals from this government.

I have seen nothing new, nothing bold, nothing courageous and nothing aggressive undertaken by the present minister. In fact, he has presented one bill, Bill C-209, which really constitutes a financial rip-off with regard to the financial institutions which have persuaded him to give them certain tax concessions provided they place their money in mortgages. When that bill comes forward I shall deal with it in more detail. All the minister has done has been to present four proposals to the provinces in respect of public housing. For the low income people, he introduced mortgages over a 40-year period and introduced certain amendments in respect of home improve-

ments. All he is doing is tinkering with the National Housing Act. He is not bringing forward any serious proposals to deal with the housing problems we have in Canada. The result of this attitude and the non-performance I will deal with in more detail at two o'clock.

Mr. Deputy Speaker: Order. It being one o'clock, I do leave the chair.

At one o'clock the House took recess.

AFTER RECESS

The House resumed at 2 p.m.

Mr. Gilbert: Mr. Speaker, before the luncheon adjournment, I said that by reason of the multiplicity of ministers in charge of housing in the last eight years, and by reason of their attitudes with regard to policies as well as by reason of their non-performance, there have been certain results with regard to housing in Canada. I should like to set forth those results to you, Mr. Speaker.

First of all, we have had a serious housing shortage, more especially for senior citizens and persons of low or modest incomes. The total housing stock in Canada is disgraceful, and less than 2 per cent of housing consists of public housing. That is the first result. The second is that we have the highest housing costs in the world. For example, in the city of Toronto the average cost of a house is $32,000. Third, we have the highest interest rates in the world, and they are still going up. The newspapers indicated yesterday that the interest rates will probably exceed 10 per cent again and that NHA mortgages will probably be around 9¼ per cent in the very near future.

Let us consider, for example, a young couple 30 years of age buying a home on a 40 year mortgage at the interest rate of 10 per cent. They will finish paying for it at the age of 70, and by that time they will have paid at least three to four times the original cost of the house which they purchased by reason of the high interest rates. Fourth, we have the highest rents in the world. One does not have to go beyond Ottawa to realize how high the rents are. Fifth, we have the highest land prices in the world. Sixth, we have the highest legal costs for home buyers in the world. Is it any wonder that the present minister has earned the title of minister of the most expensive housing in the world?

In addition, we have no integrated national housing policy whereby we would have national consultation among the three levels of government. Thus, the needs for housing would be determined, the proper mix of housing would be determined, the financing needs for housing would be determined, and new building techniques would be incorporated in a national housing policy. The present minister has given us nothing of this nature, and I am sure he will promise us nothing this afternoon. The last result has been that we have no laws to protect home buyers against builders who perform shoddy and defective workmanship and who supply inferior materials in the construction of houses. It is bad enough to be aggravated by the high cost of a home, but to have the further aggravation of no protection against shoddy construction of that house adds real insult to injury for people who buy houses in Canada.

We in the NDP have set forth in the past our approach to these problems, and this afternoon some of my colleagues will deal with some of the areas that I have mentioned this afternoon. I want to dwell on the last point I made with regard to the lack of protection for home owners against defective workmanship and inferior materials. In the April issue of *Canadian Homes*, Professor William A. W. Neilson, who is a professor at Osgoode Hall attached to York University, set forth in an article what happens when people have no protection with regard to homes that they buy. He said that people who buy television sets and vacuum cleaners have more protection than a purchaser buying a home in Canada today. He mentioned a case in Burnaby, British Columbia, where purchasers of condominium town houses were complaining of seepage in the basements, lack of promised sound proofing, wet crawlspaces, and unfinished landscaping. They appealed to the Attorney General of British Columbia and also to the minister of municipal affairs, but were told that they could do nothing about it. One of the purchasers said that he realized at that time what the Latin words "*caveat emptor*" meant—"Let the buyer beware" because of the sad experience they had.

• (1410)

In the city of Sudbury, Mr. Speaker, 20 owners of new homes had to abandon them because the plumbing and sewage facilities were condemned and nothing was done about it. People in Deep River, Ontario, were having trouble with a builder on the same problems of construction and materials defects, so they thought they would go to the source of supply. The mortgages on these homes had been arranged by Central Mortgage and Housing Corporation and the owners thought that they would be interested in their problems. The attitude expressed by CMHC was that the inspections made on their behalf were just to protect the security of the mortgage loan that they had placed on the property and that the purchaser had no protection as far as CMHC was concerned. This is the attitude of CMHC with regard to guarantees. This problem has been repeated across Canada. There are many instances in Quebec and I am sure members of the Social Credit party and the Liberal party will set forth some of the agonies that purchasers there have experienced. Mr. Speaker, I have had some contact with people in the Talvin housing project in Hull, Quebec and one of the purchasers gave me a list of 30 items that were defective in construction and materials. Very little or nothing has been done, and many of the purchasers have had to go to court in an attempt to set aside the contracts they had entered into with the builders.

What is the answer, Mr. Speaker? The Ontario Law Reform Commission said in 1968 that we should place the whole responsibility for supplying reasonable workmanship and good materials on the builder for at least six years. In other words, Mr. Speaker, there should be a guarantee that the home is fit for habitation, built of proper materials, constructed in a proper and workmanlike manner and free from defects of construction. I would remind the minister that in England there is a two-year guarantee and an arbitration system to settle

disputes. They have also imposed a ten-year coverage against major structural damage and there is insurance to protect the buyer if the builder should go bankrupt.

What does the government of Canada do through CMHC? Nothing. What is the practice in the United States, Mr. Speaker? Under HUD, the Housing and Urban Development Program, guarantees are built into the federal housing act whereby the government has power to pay for repairs if they are necessary because of defective work and materials and to deduct those moneys or recover those moneys from the builder. In Canada, there is the Housing and Urban Development Association which is comprised of the builders. The best they can do is to give a one-year contract which is worded in a manner which makes it virtually impossible to take them to court.

Surely, Mr. Speaker, the time has come when the CMHC should give leadership with regard to this important problem. May I remind you that for years CMHC has insured the loans given out by them. They have insured them with regard to any default by the purchaser and if a financial institution suffers a loss as a result, it can be reimbursed out of the fund. It is really the purchaser who reimburses them, Mr. Speaker, because he has to pay one per cent of the loan by way of an insurance fee. At the moment, there are over $300 million in the reserve fund of CMHC to cover this. Surely, they could set up an insurance scheme whereby prospective purchasers would be protected against defective workmanship and material in cases of loans given by approved lenders and direct loans by CMHC. This is the least they could do. This is the leadership they must give and I would ask the minister this afternoon to assure the home purchasers in Canada that they have some protection.

We have dealt many times with the question of high interest rates. In the New Democratic Party we feel that the highest interest rate that should be charged on a mortgage in Canada at the moment is 6 per cent. The financial institutions of this country have a social responsibility to meet this requirement. Under the financing mechanism of the bill that is expected in the near future, an adequate flow of money will only be assured if the insurance companies and financial institutions receive at least 10 per cent.

We have said many times that the land bank assembly plan is necessary. When we were discussing estimates, I asked the minister how much money CMHC had set aside for this proposal and he said not one cent. This is one of the main problems involved in the high cost of land today. Is it any wonder that most of us have become disgusted with the performance of this government? I hope that the people of Canada in the next election will see clearly the extent of—

Mr. Basford: Thirty million.

Mr. Gilbert: —their non-performance and throw the rascals out.

[*Translation*]

Mr. Réal Caouette (Témiscaminque): Mr. Speaker, the motion before us today has been moved by a member of the official opposition, the hon. member for Halifax-East Hants (Mr. McCleave) and it reads as follows:

Housing Prices

This House regrets that the government has failed to take measures which would provide all citizens with decent housing at reasonable prices.

It contains, as usual, pious wishes. The present housing situation did not arise yesterday; actually, it has always existed.

• (1420)

Thirty years ago, we were faced with a housing problem in Canada. Such problems existed during the economic crisis that raged from 1929 to 1939. Indeed, some people were living in shacks. This means therefore that the housing problem is not new.

The hon. member for Halifax-East Hants stated that the only difference between him and the minister was that if he were in his place, the situation would be improved forthwith. And yet, he does not know precisely the minister's intentions in this respect. He also said he was very much concerned to note that the Bank of Canada was easing credit more than usual which could pave the way for more inflation.

Mr. Speaker, it is obvious that if we want to guarantee a house to every citizen, it will be necessary to turn to some form of credits. At the moment, we make use of the credit facilities of finance companies, of insurance companies, of the CMHC, of chartered banks and, often enough, of Caisses Populaires and Credit Unions. And we complain that there are not enough dwellings for the very reason that there is not yet enough credit available.

In order to show that the situation referred to is not new, may I recall that when I was first elected to the House in 1946, the Prime Minister was the right hon. William Lyon Mackenzie King, to whom the right hon. Louis St-Laurent succeeded. We had as leader of the opposition Mr. Bracken, whose successor was Mr. Drew. Thereafter, we had the right hon. Lester B. Pearson as Prime Minister of Canada. Today, we have as Prime Minister the right hon. member for Mount Royal (Mr. Trudeau). As leader of the opposition we have had the right hon. member for Prince Albert (Mr. Diefenbaker) who was replaced by the present leader of the official opposition (Mr. Stanfield). And in 1962, when we entered the House, the Housing problem existed already. Please note that from 1958 to 1962, the country was administered by the strongest government ever in office in Canada after Confederation. In fact, the Progressive Conservative party elected 208 members out of a total of 264. At the time, nevertheless, we had to struggle with housing problems.

I remember having heard the Liberal Party, on the opposition side with us, request from the Progressive Conservative ministers remedies to the housing problems. However, despite the overwhelming power of the government at the time, it was unable to solve those problems, with the result that today we still have to face them.

After 10 years of administration and research dissension can be found almost everywhere across Canada. One province wants one plan and another province wants another plan. The province of Quebec has intervened directly in the housing field because it wanted to have its own housing department and to finance construction.

This led to direct confrontation between the different levels of government instead of an understanding to solve once and for all the housing problem in Canada. There are various points to which we could refer regarding this problem.

For instance, my distinguished friend, the hon. member for Broadview (Mr. Gilbert), was saying that at the present rate of interest, a 30-year old family man who contemplates buying a house on a 40-year instalment plan will have to pay three or four times the value of his house. It is true, as is evidenced by the fact that according to statistics or accountants' studies, a $25,000 house built this year will cost $94,000—almost four times the value—40 years from now. If the man who borrows and spreads his payments over 40 years is now 30 or 40 years old, this means he will finally own his house when he is 70 or 80 years old. Who is going to become a home owner at that time? Do you think that people can afford to go on making monthly payments of $150, $160, or $175 after they have reached the age of 60 or 65? It is inconceivable! When will Canadians become homeowners?

Under the present system it is a physical and mathematical impossibility. It would be possible physically, considering the availability of materials, of labour, and of engineering. We know we have all that, but what we lack is credit, which is not adapted to physical possibilities.

The hon. member for Broadview suggested earlier that the interest rate should never exceed 6 per cent. But even at 6 per cent, a person will still pay twice as much as his house is worth. It is intolerable to have to pay double the value of one's house; at 6 per cent interest, a $25,000 house will have cost $55,000 after 40 years—$30,000 in interest and $25,000 in capital. The borrower will make payments which he may not be able to keep up from the time he reaches 55 years of age, not 60 or 65.

I feel, Mr. Speaker, that to encourage people to become owners at the age of 75 or 80 is to fool Canadian consumers, those very people who need housing, who do not ask for a lot, who do not ask for the impossible, but who quite simply ask that the huge resources of Canada be used to serve Canadians.

Many factors contribute to the high price of housing as well as the high monthly instalments. The famous 11 per cent sales tax on building materials whose removal has been advocated for many years is not likely to help the buyer of a new home. The provincial tax is added to the federal tax because nowadays taxes are taxed; the 11 per cent federal tax in Quebec is taxed at an 8 per cent rate by the province of Quebec. Therefore, we have reached a point where we have to pay taxes on taxes. That surely does not help lower the excessive cost of building materials and housing. All companies are quite aware of such things.

I shall deal now with another aspect: building defects in houses, as mentioned a while ago. They are so obvious that we often wonder whether the Central Mortgage and Housing Corporation or the department officials are not more interested in granting contracts to housing contractors than in providing homes for those who need them. That is quite true.

• (1430)

We know that the Central Mortgage and Housing Corporation has paid in full contractors who had built houses, and barely three or four months later the foundations became defective, walls begin to sag and floors to warp. That happens everywhere, and the minister is aware of it. Are the inspectors not discharging their duties? Are they waiting for the contractors to tell them? Do builders contribute to the party's electoral fund? I do not know, but something is wrong, Mr. Speaker, because some houses are really in very poor condition after two or three years of occupancy.

In my opinion, the Central Mortgage and Housing Corporation or the department should take the necessary steps to ensure that serious inspections are being made during the construction of houses. I congratulate the minister on that score. Last year, for instance, more attention was paid than usual to single-unit dwellings. That pleases me tremendously because, we, of the Social Credit party, feel that there is enough space in Canada for every family to live in its own home, instead of 30-floor buildings, where families with five, six or seven children live on the 30th floor, go up and down elevators, deprived of their own yard in which to play, in a complex of hundreds of dwellings. Those buildings resemble chicken coops more than healthy dwellings.

In the Laurentians, the Eastern townships, barely 20 miles out of Quebec, Toronto, Montreal and Hull, vast expanses of land could be used to build nice little homes for Canadian families.

Recently, I was in the Dehli, St. Thomas and St. Catherines area in Ontario; I saw vast stretches of land where the construction of single-family dwellings could be promoted.

The conditions are the same in western Canada; when you arrive in the Prairies you realize that there is no lack of land. It is therefore not a question of space. We have enough space in Canada to accommodate 500 million people and we only have 21 million inhabitants; that means that we have ample space to provide housing for everybody.

I am really sorry to see people who would rather live outside large cities, because it is healthier and promotes social life, stuck in chicken coops along St. Catherine and Ontario streets, in the south or east end of Montreal, while there are numerous places where these people could settle, till a garden, raise their children in peace, what they cannot do in large cities.

Mr. Speaker, I may not be there anymore, but I know that in a few years, an honest and enterprising government will have to face this task of clearing the big cities a little bit, so as to enable people to live, not in polluted but clean air, in areas where pollution has not yet caused any damage as in Montreal, Toronto, Vancouver, Winnipeg, Edmonton, etc. Let us call it a kind of return to the countryside, not as in Vautrin's days—a kind of return to an acceptable life, close to nature. Mr. Speaker, I see the hon. member for Gaspé (Mr. Cyr), who must indeed be happy to go home to the Gaspé peninsula for the weekend and breathe the sea air whereas in Ottawa, if I am driving behind him I have to breathe the carbon monox-

yde released from the exhaust of his car, which is distasteful to me.

If I followed the hon. Minister of Industry, Trade and Commerce (Mr. Pepin) to Drummondville, it would be the same, and I am sure the minister has managed to find himself a little lake near Drummondville.

Whether it is in the direction of Sherbrooke or elsewhere, everyone is seeking nature, which is quite normal.

As for town living, why does one do it? To get employment, security of some sort. But if such security were available away from the cities, I can guarantee, Mr. Speaker, that they would not be crowding two million strong as, for example, in the city of Montreal, but there would be decentralization so that human beings could breathe, not merely with the permission of finance, but breathe freely the air with which the Creator filled the world so that we could live decently.

Mr. Speaker, in the field of housing, there is ample space for improvement. Above all we ought to try to reduce the sales tax which contributes to increase construction costs. It would also be necessary to reduce interest rates; not long ago, we were mentioning interest rates of 6 per cent. The minister might very soon announce that we will have to pay an interest rate of 10 per cent. I say that Canadians should not pay one cent more than the actual administration cost for building houses. What would that mean? That we would only have to pay an interest rate of 1 3/4 or 2 per cent to offer the directors a decent salary. On the other hand, we should stop paying a tribute to those who only provide credits for the construction of houses.

Mr. Speaker, the Créditistes hope that we will succeed one day in providing all Canadian families with wholesome housing instead of letting a good number of them suffer, as we do now. If we took every necessary step to build new homes perhaps we would not have any unemployment this summer in Canada, because there is an urgent need for housing. We could give a job to university students as well as to thousands of unemployed. So we could provide Canada with new riches, consisting of wholesome one-family dwellings for all families in Canada.

[*English*]

Hon. Ron Basford (Minister of State for Urban Affairs): Mr. Speaker, I am very pleased that the Leader of the Opposition (Mr. Stanfield) has chosen to use one of their opposition days to debate housing and urban affairs. It gives me a chance to discuss some of the government's thinking in terms of a housing policy and, hopefully, to get some ideas from the opposition as to what they think the housing policy should be.

I listened with a great deal of interest to the spokesman for the official opposition, the hon. member for Halifax-East Hants (Mr. McCleave). I listened to his very thoughtful speech on the question of housing. I am delighted to learn that his thinking and ideas follow closely along the lines of what was predicted in the Speech from the Throne issued by the government at the beginning of this session and follows closely the line adopted in my own speeches on the subject of housing. I am glad that the hon. member for Halifax-East Hants agrees with me that we should introduce the amendments to the National Housing Act, which the government wants to introduce and wants to introduce forthwith. On learning the thinking of the opposition which obviously agrees with the government's proposals, I hope that the legislation will have very easy passage through this House in the next few weeks.

The hon. member speaking for the Conservative party also talked about repair and rehabilitation, land costs, servicing costs, the process of urbanization, land banking, the Audain report, the comprehensive demand for housing and a program to assist in home ownership. Some of those points will be dealt with by me today. Many are dealt with in legislation before the House or which will be introduced very shortly. Other points will be dealt with by other speakers this afternoon. I do want to thank the hon. member for a thoughtful and comprehensive speech on the subject of housing. He covered so many subjects on the cost of housing, he illustrated far more effectively than I can that the cost of housing is made up of many factors. There are many things responsible for these costs and many policies responsible for keeping these costs down. There is no one easy, simple answer to the question of providing reasonable housing at a reasonable cost.

I listened with amazement to the hon. member for Broadview (Mr. Gilbert) speaking on behalf of the New Democratic Party. I always do. He seems to think houses can be built or other policies solved by engaging in sarcasm, clichés, catchwords and smart-alec expressions. I have never found that that builds many houses. Canadians have a housing need but it will not be solved by acting in a partisan way. The hon. member for Broadview is in the habit of making a series of unsupported assertions but they are really no substitute for concrete policies and proposals. For example, I was amused to hear him describe the government's amendments to the Housing Act as "tinkering with the National Housing Act". These amendments have not even been introduced yet, so how he could describe them as tinkering is beyond me. Such a criticism can only come from a man who is reckless with his words, and reckless with the House of Commons.

• (1440)

The debate this afternoon gives me an opportunity to put on record briefly and quickly what has been done in the last four years during the life of this government. Listening to opposition speakers one gets the idea that nothing has been done, though, in fact, houses have been built in Canada over the last four years in record numbers and at record levels.

Mr. Orlikow: For whom?

Mr. Basford: For the low income people and the senior citizens. I shall come to that. The number of housing starts in 1971 reached an all-time record of 233,653, a total of more than 830,000 starts over the last four years. The opposition says numbers are not important in housing, but it seems to me an essential element in housing policy is to build houses. That is what we have been doing, and we have been doing it at a record pace. All the indications are that even this record will be surpassed in 1972, with more than 240,000 starts. This is a tribute to my predecessor, it is a tribute to the government's housing policies and

it is a good basis from which to begin improving our policies.

During this period, the government's efforts have been directed not simply to creating numbers of dwelling units but to ensuring that housing is available to those who need it most. Policies have been deliberately aimed at providing for those who need financial assistance in getting housing. Through its agency, the Central Mortgage and Housing Corporation, more than 140,000 housing units have been created in the past four years under programs designed to help people with low incomes—more than twice as many low income units as were built in the previous 22 years. Therefore more has been done in the last four years than in the previous 22 years, including the five years in which the Conservatives were in office. I have not included in those figures some 50,000 hostel units built with CMHC financing.

In dollar terms, more than $2 billion in loans at favourable interest rates have been made available for low income housing in the past four years as compared with less than a billion dollars back to the end of the second world war. By far the largest proportion of CMHC loan and capital commitments for housing over the last four years has been directed to housing for people in the low income group. In 1971 this proportion amounted to 83.2 per cent. In 1972, more than $500 million is allocated for this purpose. The hon. member for Winnipeg North (Mr. Orlikow) a few moments ago, asked "For whom?" I answer him by saying the efforts of the government have been devoted almost exclusively to providing homes for those who do not have the financial resources which enable them to acquire homes in other ways.

Our policy in this regard is clear. These programs have been carried out and have achieved their outstanding success through the co-operation of the provincial governments and their housing agencies which are active and enthusiastic partners in helping to meet the housing needs of Canadians. I do not wish to imply that all the solutions have been found. Much yet remains to be done in developing new techniques, new mechanisms for co-operation, new policies. Over the last few years we have carried out a number of studies and appointed a number of task forces. Some reference has been made to this today. I agree with the hon. member for Halifax-East Hants (Mr. McCleave) that the time for new legislation is here. Already one piece of legislation has been introduced—Bill C-209 which is presently before the House. The time has come, now, for changes to be made in the National Housing Act, and I am glad that hon. members opposite agree with me. The record in housing achievement is more than satisfactory and we are also putting before the House and the country new, bold and imaginative policies.

Mr. Knowles (Winnipeg North Centre): What are they?

Mr. Basford: I wish to mention three aspects this afternoon—the legislation relating to mortgage financing, the National Housing Act amendments and the process of tri-level discussion and consultation with the provinces and municipalities. I refer, first of all, to Bill C-209, the residential mortgage financing act which I had the honour to introduce a few days ago and which is on the House leader's agenda for business. I hope it can be dealt with next week, be given second reading and sent to committee for study as soon as possible. There will, I hope, be opportunities before the end of June for members to deal with this bill, give it third reading and see it proclaimed. The measures contained in the residential mortgage financing act represent the latest in a series of initiatives by the government to bring more private capital into the residential mortgage market. Our purpose in doing so is to ensure that financing is available at the most reasonable cost possible to people in the middle income group and for those who cannot obtain financing in the usual way. The two institutions to be created through this legislation are the Residential Mortgage Market Corporation and the mortgage investment corporations. These institutions will eliminate some of the difficulties which institutions and individuals have found in investing in residential mortgages, and will make these mortgages more nearly as attractive and convenient as are other kinds of investment. Even a small shift in the investment policies of the banks and financial institutions could lead to huge injections of capital into the residential mortgage field and cause a depressing effect on interest rates, making access available to greater amounts of money.

I should like to turn, now, to consider a piece of legislation which the opposition wants me to introduce forthwith. I can undertake, on behalf of the government, that the bill amending the National Housing Act will be introduced shortly. I do not want to anticipate the business of the House, but since the subject is relevant to this debate I believe I would be in order in speaking briefly on the government's intentions with regard to the National Housing Act. The amendments which will be introduced fall into a number of categories. There are amendments relating to the repair and rehabilitation of existing housing stock. There are proposals for neighbourhood improvement programs to replace the old urban renewal provisions under the National Housing Act. There are provisions designed to assist people with low incomes to buy their own homes. There are provisions relating to non-profit housing to accommodate elderly people and people with low incomes.

There are new and important provisions relating to the co-operative movement, and I shall be particularly happy to introduce these because I shall be the only minister in 70 years to bring forward federal co-operatives legislation.

• (1450)

The amendments which we will propose are intended to modify and strengthen the act, and to make it a more precise and effective instrument for dealing with the most pressing and significant housing and community building tasks. They will provide the federal, provincial and municipal governments with a greater flexibility and permit different approaches, in different parts of Canada, to different kinds of problems. The amendments will also be a response to the growing concern throughout the country, not only with houses but with the neighbourhood environment. They will support provincial and municipal initiatives to preserve the neighbourhood as a living community and where possible to improve and enhance it—instead of destroying it by bulldozing it away.

The amendments will also give expression to the government's policy of conserving and rehabilitating good usable housing, consistent with our view that the public concern must be for the entire housing stock—the old, as well as the new. We have heard discussed today the need to keep in our housing stock old housing and to make it good housing. The act's provisions for assistance in the public assembly of land will be extended and strengthened to make this program more useful to provinces and municipalities for land development and the creation of new communities. I observe the Leader of the Opposition (Mr. Stanfield) in the House and I am complimented by his presence. The other day he was speaking in Toronto to the Urban Development Institute, but I had some difficulty following his speech. He spoke of the need for land assembly. Our amendments will go far beyond what he was proposing in speaking to the Urban Development Institute.

Specifically, the amendments will increase the range of choice available to low income people with regard to the kind of home they live in and the kind of tenure by which they occupy it. The non-profit housing provisions of the act will be made more generous to encourage the church groups, service clubs and similar organizations who sponsor this kind of accommodation. New measures will be proposed to provide financial assistance in the form of loans and matching federal-provincial subsidies for low income people who wish to own their own homes. We intend to give these people the opportunity of purchasing their own homes and having that pride of ownership that goes with the purchase of a home.

Other assistance in a similar form will be available to help rehabilitate housing for people of low and moderate incomes. The neighbourhood improvement program arises out of the need to replace the urban renewal program which is being phased out. The new program, with its emphasis on conservation, improvement, repair and rehabilitation, is also directed mainly at low income and moderate income people and the neighbourhoods in which they live. Subject to an agreement with each participating province, the federal government will share the cost of acquiring land for open space, community facilities, low income housing, providing day care centres, drop-in centres and similar community services. We will also pay half the cost of conducting meetings, surveys and other ways of ensuring the participation of the residents themselves in these proposals of conservation and neighbourhood improvement. This legislation is in its final drafting stages. I am happy that the opposition wants the legislation immediately and I shall be delighted, of course, to listen this afternoon to the suggestions hon. members make with regard to what should be in the legislation. I hope ideas will be forthcoming.

I have mentioned the provincial and municipal governments as important partners in our housing enterprises. We are not going to solve the housing problems of Canada unless there is complete co-operation and co-ordination between the federal, provincial and municipal governments. For this reason, senior officials of Central Mortgage and Housing Corporation and of the Ministry of State for Urban Affairs have visited every province and the territories, meeting with ministers and their officials, to outline the proposed amendments and to invite their views. In most cases, municipal officials also attended, with the concurrence of the provincial governments. So far their response has been encouraging and I feel there is a sufficient degree of understanding to warrant my bringing legislation before the House very soon. I think it is also the right of Members of Parliament to see these proposals and to know what the government is planning at a very early date.

I should emphasize, however, that these meetings are only the first in a continuing exchange of views which will permit us jointly to deal with all of the necessary regulations and administrative details which will ensure that the programs are delivered efficiently and effectively. The objective of this series of meetings with the provinces must be to try and agree, if need be, on dealing with the nature of the regulations made under the act, the implementation process and the administrative process of the federal government's housing program. I assure the provinces that this kind of discussion will be had on such matters. What we are seeking to develop as a result of this legislation is a flexible range of instruments so that the provinces and their housing agencies as well as the municipalities will have a choice of housing instruments to pick from in order to solve their particular housing problems.

As I have suggested to the provincial ministers, these meetings are more than just an opportunity to discuss important legislation of mutual concern. We see them also as a commitment on our part to a long-range process of tri-level consultation between governments, not just about housing but about the whole range of urban affairs. The hon. member for Halifax-East Hants discussed this when he talked of the whole process of urbanization and many of the matters mentioned by Professor Lithwick in his report on urban Canada.

This is a policy to which my ministry has been committed since its inception and one which I heartily endorse. One of the roles for which my ministry was instituted, and one which I have been energetically pursuing since I was appointed, is to create the mechanisms, and the atmosphere, within which all levels of government in Canada and the private sector can work together in the interests of achieving a healthy and satisfying urban life. It is evident that the scope and complexity of urban problems are beyond the capacity of any one level of government, federal, provincial or municipal, and, indeed, beyond the capacity of government alone.

This is why I was gratified two weeks ago to be able to announce preliminary agreement on the first national conference of the three levels of government on urban issues, to be held in mid-November. I was also able to announce agreement between the preliminary spending committee composed of myself, the Treasurer of Ontario on behalf of all provinces and the mayor of Hull on behalf of the municipalities of Canada in which we agreed that such a tri-level conference should be held. This process of a tri-level conference is the first step of a procedure by which I confidently expect we will provide a way for all governments whose decisions affect the urban environment to talk to each other, to compare policies and programs, and to begin to define common goals for urban Canada. In a speech the other day the Leader of the

Opposition said that we had a tendency to play the game of blaming the constitution. With this agreement between the federal government, the provinces and the municipalities I am confident we will find a process by which we will ensure that the constitution is working for us rather than hindering us in co-ordinating policies among all levels of government.

There will be many opportunities during the next little while to debate housing and urban affairs policy, both in connection with Bill C-209 and in connection with the amendments to the housing act that I shall be introducing. There will be many opportunities to discuss the policies which we have now or will be applying during the tenure of office of this government as revealed in legislation offered to Parliament. This legislation is in terms of financial mechanisms to assure an adequate supply of capital for mortgage moneys, amendments to the National Housing Act and the progress made in terms of the tri-level consultative process, all of which are very important initiatives taken by this government and by myself during the short time I have been the minister responsible. I think this brief summary and forecast is a sufficient response to the resolution before the House. Other points which have been raised will be answered by other speakers during debate on specific legislation.

• (1500)

I am pleased to have had the opportunity to outline the government's achievements and policies in the housing field and to allow them to be compared with the alternatives offered recently in a public statement in Toronto by the Leader of the Opposition (Mr. Stanfield). I did not find much in that address, but one thing that startled me was his statement regarding the federal role. The Leader of the Opposition said the federal government's role was one of co-ordination and support. I agree with that statement, so far as it goes. We have a new tri-level process for co-ordination and we are now suggesting amendments to the National Housing Act designed to provide support to the provinces in their housing programs. It seems to me that the federal government has not only a co-ordinating and supporting role but also a leadership role.

It is the purpose of CMHC to introduce policies of imagination in a few days, and it is the purpose of my ministry of state for urban affairs to show leadership to the people of Canada in solving housing and urban affairs problems. It is a far greater role and purpose which we see for ourselves than that envisaged by the Leader of the Opposition. I can only say I am disappointed at the role picked out for the federal government by that hon. gentleman.

Mr. Jack Marshall (Humber-St. George's-St. Barbe): Mr. Speaker, I am glad that the introduction of this motion caused the minister responsible for housing to react by making a statement in this House. It is pleasing to know he is now telling us about legislation to be introduced in respect of mortgage financing. He did not say when the amendments to the National Housing Act would be coming forward, but I hope we can deal with those at the same time. The opposition showed its co-operation two or three weeks ago when we passed within seven days two bills for the benefit of our senior citizens and veterans. If the bill to be introduced is good, I am sure it will receive early passage.

My main concern is for the low-income and no-income people. I am also concerned about the hundreds of millions of dollars produced by the government for housing. I agree that many houses are being built for the rich, but nothing is being done about housing for the poor and needy. It is necessary to recognize that housing is a primary social, economic and physical need, yet there persistently prevails all across Canada a severe shortage of family housing at reasonable prices. Thus the choice for large, low-income families is limited, causing them either to reduce spending on other needs or to accept housing well below normally accepted standards. As a rule, they cannot afford to become homeowners.

To alleviate this situation the federal government provides funds for low-income housing programs in distant and isolated areas. The provincial and municipal governments are establishing subsidized housing programs which more often than not produce social ghettos. As to private enterprise, it is continuing to serve mainly the socio-economic class which is least affected by the housing situation. A lasting improvement of the current housing situation requires a corresponding improvement of the social conditions which cause the situation.

I realize this is a long-term goal, but the housing of many Canadians is still below minimum acceptable standards. It is little wonder that there exist so many substandard houses in Canada. Sophisticated studies are not necessary to discover that there are still thousands of ill-housed Canadians. This Liberal government persists in one study after another. I will deal with this matter a little later.

There is one basic fact. Housing that is substandard, usually occupied by low-income families, should be improved or removed, with new homes built. The government in power must provide the funds and the direction to reach those people who are not being reached by present housing programs. Strangely enough, a quick perusal of the intentions of the government indicates much the same situation as that leaked in respect of the Charney report. These leaks were not as bad as many of the leaks I have seen in homes in my constituency, where people are living in embarrassing conditions of which we in Canada should be ashamed.

Public housing authorities now face larger problems than the straight provision of adequate physical structures. A social environment less damaged by noise, pollution and social stigma must also be provided. These problems can only be solved with greater understanding and participation by the three levels of government. Experimentation with such techniques as variable interest rates and terms, deferred equities and varying degrees of ownership should be used to encourage the private market to move into low-income housing. At the same time, this should provide encouragement to low-income families to purchase their own homes. Government plans in this regard have revealed only tokenism in the area of low-income families working toward home ownership.

We should investigate ways to permit low and middle-income families to borrow up to 100 per cent of the property cost and, where needed, they should be subsidized by the government to help pay for housing. By low income I

do not mean a family of five or six living on $4,000 to $7,000 a year; I also mean a family of ten living on an income of $10,000 a year. Surely one cannot disagree that such a family is in the low income bracket.

Let us consider some of the studies that have been carried out over the years. Just yesterday I was looking at a six-volume study on urban Canada by Mr. L. B. Smith. We also have the study by the Senate committee and its report on poverty, as well as the Dennis commission report. The minister has refused to table that report but there are 50 copies over in the offices of CMHC.

One of these books on urban Canada is called "Research Monograph 2," whatever that means. It is on housing and it reaches several conclusions. The first conclusion in this book is that to the extent our nation is better housed than ever in terms of number and basic facilities, there is no immediate housing problem. It refers to 1970. The second conclusion is that to the extent our construction industry has averaged approximately 200,000 dwelling starts per year and can provide sufficient dwellings for our population, there is no housing crisis.

The third conclusion is that to the extent shelter costs are not outpacing and are probably lagging behind income income increases, so that housing accommodations are generally more affordable, there is no housing problem. The fourth conclusion is that to the extent there are few doubled families—180,000, or 4 per cent of all families in Canada in 1966—and a considerable number of non-family households, there is probably no housing problem. We find that first of all there is no housing problem, and when there is a problem it is not serious.

The report also suggests that to the extent there is a group of low-income families living or who were previously living in soon-to-be-demolished or previously demolished housing, there is a housing problem or, more properly, an income or poverty problem. Now we find an admission of the existence of a housing problem.

These are fine conclusions, but I suggest they are conclusions from a computer. In this case the author, Mr. L. B. Smith, suggests his conclusions are drawn from equations and variables and that people should look at the graphs and charts. They do not indicate how to build houses for the poor people. I am wondering about the source of Mr. Smith's conclusions, because the hundreds of letters I receive from poverty stricken Canadians cry out in simple language the fact that they need homes but cannot afford them.

• (1510)

I wonder what conclusions can be drawn from letters such as these? I quoted one in the House some time ago which is worth repeating. It is one of many hundreds I have received. This gentleman wrote:

> My concern is about the shack we have to live in. It is infested with rats which have chewed large holes in the walls. I have to live on welfare because of a sick wife who is mentally ill and has an epileptic condition. And the doctor confirms this, indicating that the home is unfit for human habitation.

The hundreds of millions of dollars which are being directed into housing are going into areas in which the big builders want to build; they are not going into areas where they are needed. Just last weekend I visited one of the communities in my riding and saw a man, his wife and four children living in a deserted school bus set up on the side of the road. If this is the type of housing involved in the wonderful plans of the government, then I wonder what is wrong.

I could quote many hundreds of examples such as these where Canadians are crying out for help. I wonder why there is nothing in "Research Monograph 2" to solve this type of problem. I also wonder if Mr. Smith could figure out by his ingenious methods of calculation how these people could get a decent home. I wonder if he could explain his conclusion that our nation is better housed than others in terms of numbers and basic facilities, and that there is no immediate housing problem.

I should like Mr. Smith to accompany me when I tour my district this summer and see the embarrassing and distressing situation which exists with regard to substandard housing, and then tell me that Canada does not have a housing problem. Everyone knows the government has been pouring hundreds of millions of dollars into housing in Canada. For one reason or another, much of this money is not being directed into areas where the need is greatest nor to those people who have the greatest need, the poverty stricken and lowest income families.

In the Throne Speech the government, as usual, told the people of Canada of its new approach to supplying lower income housing. This occurred around the first of the year. I was very optimistic about this, particularly the announcement that $100 million or more would be directed toward providing ownership and rental housing for families earning less than $6,000 a year. Funds would be made available for projects sponsored by non-profit community organizations and co-operatives, and for continuation of present assisted ownership programs. Funds would be made available for a program to enable low-income families to renovate or rehabilitate their substandard properties without an increase in their monthly cost of ownership or rent, and for a multimillion dollar neighbourhood improvement program focusing on rehabilitation and renovation of blighted areas.

This sounds fine and wonderful in a Throne Speech. It builds up the hope of Canadians. All I have seen, however, arising out of the Throne Speech is a bill in respect of residential mortgage financing which will provide more money through more agencies, which in fact is being done now by CMHC. The family with little or no income is still restricted in respect of assistance to improve existing deteriorated homes or to build something better for themselves, while the extra millions of dollars will still go to the speculative, big builders who will continue to locate massive housing units where the price is right for themselves.

In this regard, I should like to see the minister today table the Charney report which evidently ridicules the present direction of our national housing programs. Why does the Charney report state that housing is a by-product in an agglomeration of builders, developers and financial institutions committed to the routine of making money? Why does the report say that CMHC is oriented to market interest rather than to consumer interest? The private sector is involved in low-income housing only in so far as the delivery of this type of housing corresponds to the objectives of the influential members of the industry. I

think it is worth while to quote from an editorial written as a result of a leakage of the report. It reads:

> The pertinent question on a national level is not whether rehabilitation programs are needed, but whether scattered rehabilitation that does exist now, and will increase in the future, will be given its proper place in a policy framework.
>
> CMHC has systematically neglected to gather and organize data on rehabilitation. The formation of local groups came about not only because of a concern for rehabilitation of all too visibly deteriorating housing, but primarily in resistance to the urban renewal policies of government and to private developers' bulldozers.
>
> While government talks about the involvement and participation of people to determine the kind of housing they would like to have, local groups involved with rehabilitation have simply been doing it.
>
> Few large builders are willing to become involved in rehabilitation because they feel they can make larger profits in new construction. This top-down view of the larger builder-developer tends to dominate policy at federal government and CMHC levels.
>
> Only 10 per cent of the builders consider rehabilitation an important part of their business. These builders, according to the report, are the small firms that construct fewer than 25 housing units a year.
>
> Rehabilitation builds on the resources available to low-income families and does not cause the disruption of a family or a neighbourhood like urban renewal schemes, the report said.
>
> The over-all costs are generally less than new construction, especially when evaluated in terms of social costs. It serves to upgrade the general adequacy of housing at the neighbourhood level—one of the initial objectives of urban revitalization.
>
> The report said there should be grants available, without a means test, for improving the structure, exterior, electrical and mechanical services, for conversions and for revitalizing neighbourhood and community services. It also suggested that technical assistance be offered by the government.

It is easy to see that many of the things the minister said are taken directly from the Charney report.

> There are virtually no programs aimed at revitalizing the neighbourhood and social development at present, the report said.

The report continues on and on. I do not wish to take up too much time because I know other members wish to speak on this subject.

> It should be the first priority of housing policy to reverse the further deterioration of existing housing through maintenance incentives and assistance programs.
>
> Low-income housing, because the rents are often not as high as other units, often falls into the abandonment spiral. In many cases the housing stock is purposely run-down by owners who see little economic potential in the house, but keep the land for speculative purposes.

Other failures of the builders, CMHC and the government are referred to. One of the things which I think should be done—this is a recommendation of either the Charney report or the Dennis report—is that a national inventory should be taken. The task force recommended that a national housing inventory and building code be implemented as quickly as possible. With the need for employment I cannot understand why we are unable to find people who are interested and who could take an inventory of substandard housing and do something about it.

Just the other day in the House the Minister of Manpower and Immigration (Mr. Mackasey) welcomed a suggestion of mine that programs similar to the Local Initiatives Program be initiated to help fishermen provide through, their own initiative, the facilities they require in order to provide employment and give them the base for a better livelihood in an industry which is fast deteriorating. The minister thought this was a good idea and said he would discuss it with the Minister of Public Works (Mr. Dubé) and the Minister of Fisheries (Mr. Davis) for future planning. Perhaps the minister responsible for housing will take a similar step with regard to housing.

Since it is obvious that eventually a program for rehabilitating homes will be introduced, and I hope soon, why not direct some of the moneys that will be available into a type of local initiatives program to allow municipalities and small communities to take an inventory of all substandard housing and submit projects to improve these homes for the benefit of people who cannot afford to do the work themselves or are not capable? This could also be done, based on need, for a community even before it has a housing program.

At the same time, this type of program would bring out the initiative of Canadians and satisfy a critical need which could be relieved by providing the materials and labour under technical leadership. Such an idea would provide employment and avoid duplication of spending with co-operation among departments of the federal government and the two other levels of government. This is one idea on which I could elaborate if the minister is anxious to listen.

My main concern—I say this again—is that regardless of the hundreds of millions of dollars being spent, there are still people living in homes which have been condemned. There are still families like the one I described who are living in an old, abandoned bus at the side of the road. This is the area to which we should direct our programs, and I hope the minister will bring in legislation soon to this end.

• (1520)

[*Translation*]

Mr. Marcel Roy (Laval): Mr. Speaker, I take great pleasure in rising to speak in the debate on the motion which was introduced by the official opposition and which reads as follows:

> This House regrets that the government has failed to take measures which would provide all citizens with decent housing at reasonable prices.

I have spent quite some time objectively studying this situation. When one considers the accomplishments of the National Housing Act in Quebec, one cannot help being proud. Of course, we do not pretend that everything has been done nor that the various acts have been perfectly administered. Much remains to be done, but achievements over the past few years indicate that the government has given priority to the housing problem and approached it with determination. We shall continue to give evidence of this interest and determination during the next few years, and with an increasing measure of success ensured by the amendments to the National Housing Act that will be submitted to the approval of the House during the next few days by the hon. minister responsible for Urban Affairs (Mr. Basford).

During the four-year period 1968 to 1971, there were nearly 190,000 housing starts, of which 5,800 took place in 1971, which represents a production rate that few indus-

trial countries have been able to match. These achievements were the results of co-operation between private industry, financial institutions of all kinds and the implementation of the National Housing Act, which made an important, indeed an essential contribution.

Of the 190,000 housing units which were started during this period in Quebec, 113,500 represented a value of $1,540 million and were made through the provisions of the National Housing Act; 62,500 represented a value of $900 million in loans granted by the Central Mortgage and Housing Corporation under agreements with the Quebec Housing Corporation.

As a member from Quebec and from a city ranking second in size and population, this is my opinion on the government's achievements. It seems to me that the federal government and the Central Mortgage and Housing Corporation contributions to the Quebec Housing Corporation are unfortunately not well enough known and this is why I shall later bring up this subject again.

This figure applies only to housing units. We must add 22,500 hostel units mostly for the elderly and students. If the problem boiled down to housing starts and financing, our industry's capacity and our means would soon solve the issue—if it did exist as such. We do not intend to present it only as a matter of dimension.

The basic problem of housing in Canada stems from geographic and social distribution, so that low income people may benefit from proper housing to the same extent as those in higher brackets. One must also consider the capacity to pay. The National Housing Act and the activities of the CMHC were all directed toward correcting distribution disparities at all levels and in order to minimize the geographic and social disavantages.

I find it very strange, Mr. Speaker, that this motion has been moved by a member of the official opposition, when one considers the present situation in the field of housing for low income people. As a matter of fact, the sum of $306 million was made available to the provinces for public housing in 1971, compared with $7.5 billion a year under the Progressive Conservative government from 1957 to 1963.

Let me correct that, Mr. Speaker, it was $306 million made available to the provinces in 1971 by the present government and only $7½ million a year by the Progressive Conservatives from 1957 to 1963.

So this government's performance is better than that of the previous one.

At the regional level, to the extent that, during some years, the activity of conventional lenders or lenders approved under the National Housing Act has decreased, that of the Central Mortgage and Housing Corporation has been greatest. During that period, the percentage of all housing starts financed in Quebec by the CMHC, either directly or under agreement with the Quebec Housing Corporation, was 30 per cent, which is higher than the national average.

In the developing regions which are of great importance, as far as the province's future is concerned, the part played by the Corporation, as regards mortgage loans, has been even more important. There are a few places—I am referring to Sept-Iles—where the only available loans are those granted by the Central Mortgage and Housing Corporation.

Another problem even more complicated than the matter of regional distribution is that of the social distribution of housing. The free market operations were leading us to a surplus of housing units for upper income citizens, and a serious shortage of housing for families in the middle or low-income brackets, in different parts of Canada, in particular in the province of Quebec.

As I said earlier, I do not intend to say that this problem no longer exists, but there is one field in which we are entitled to be proud of the government record, under the National Housing Act, namely, the building of lwo income housing.

Between 1968 and 1971, the orientation of the National Housing Act underwent an overall change. Between 1957 and 1967, commitments in the field of social housing loans and other programs designed for low income families amounted to an average of $50 million, for a total investment of $377 million; in 1971, the funds spent under these budget items totalled $622 million, compared to a total investment of $748 million This means that the proportion of budgetary expenses allotted to social housing, as well as that of low income families, increased from 14 to 80 per cent.

Such a new orientation was not achieved only through instructions. In the field of housing, where the co-operation of all government levels as well as of industry is necessary, it could only be achieved through initiatives and experiences to which all of them took part. Under the federal program of $200 million for the development of low income housing, $72 million are paid to the province of Quebec.

• (1530)

In that respect, I had in my capacity as member for Laval to criticize some projects endorsed by the Central Mortgage and Housing Corporation, and I refer to the famous project Les Abeilles. I also refer to the case of the Résidences Richelieu Inc.

But it is my duty today to point out the beneficial achievements of the CMHC in Laval, and on behalf of all those who were victim of Les Abeilles project I wish to thank the government authorities for having considered that problem and having understood the situation by providing the promoters of the project with an adequate solution which met their needs. Actually they were victim of unfortunate circumstances, When we considered the estimates referred to the Committee on Health, Welfare and Social Affairs, I raised that question and the minister assured me that such situations will never arise again owing to implementation of different and much better controlled overseeing mechanisms.

In the field of family housing, the Corporation invested, either directly or under agreements with the Quebec Housing Corporation, $153 million for senior citizen housing or special projects. I should like to point out the co-operation of the CMHC with the Quebec Housing Corporation at Ville de Laval where a home for the aged is now under construction; it will cost $2,250,000. The contribution of the federal government will amount to $2,137,-500. The building will contain 210 beds.

Next Monday, a ceremony will be held to turn the first sod for the construction of the Centre de séjour de Laval, a 332-bed complex that will cost $3,185,350. There again, the federal government will contribute about 90 per cent.

Some situations come to my mind which I should like to mention to the minister, not as criticisms but rather as suggestions. But before making my suggestions, here is the situation in which we live. As for the Quebec Housing Corporation, Mr. Speaker, I must point out that we might have to review the situation.

I have in mind the building of Co-op Habitat, a 352-unit project built with CMHC funds, but through a loan of some $4,589,820 granted by the QHC. These apartments, built in 1958, are still unoccupied.

Here is another very typical case: l'Office d'habitation de Montréal-Nord. Here again, the funds came from the CMHC, but were administered by the Quebec Housing Corporation and the apartments are still unoccupied.

I see that an agreement has been entered into with the provincial government whereby rents for people on welfare, are fixed at special rates. I am referring to the Office d'habitation de Montréal-Nord project, involving 168 units of 3½, 4½ or 5½ rooms. They are meant for people on welfare, and the rents are according to the monthly income of the head of the family. As an example, if the monthly income is $303 to $406, the rent will be $60 a month.

The minimum rent is $41 a month, including various services. It includes electricity, heating, hot water, water tax, the supply of a stove, a refrigerator, a washer and a dryer.

I believe that this measure meets the needs of welfare recipients. The provincial government will contribute 25 per cent of the deficit while the municipality will pay 25 per cent and the federal government 50 per cent.

I suggest therefore that if such a formula were applied to the Co-op Habitat project, at Ville de Laval, we could house families which surely need it.

I will conclude, Mr. Speaker, by making a few suggestions regarding transfers of funds from the CMHC to the province of Quebec whose housing funds are administered by the Quebec Housing Corporation. I would point out to the minister that we should review the administrative set-up governing relations between the CMHC and the Quebec Housing Corporation.

The supervision and control should be proportionate to the lender's responsibility, or else, to the monetary contribution. The building of shelters and the loans made by the Quebec Housing Corporation are administered in Quebec by non-profit organizations.

It seems to me, Mr. Speaker, that this type of administration by non-profit organizations might lead to some patronage hotbeds that are not always conducive to the best interest of the community. I believe that this honorary type of administration is now obsolete.

It has not always been the most effective, precisely because of lack of interest and motivation, and I would even go as far as to say that the interests at which this policy is directed are not the same.

[Mr. Roy (Laval).]

It seems to me, therefore, that the transfer of funds from the Central Housing and Mortgage Corporation to the Quebec Housing Corporation should be reviewed. Mr. Speaker, in the coming days, the Minister of State for Urban Affairs will be introducing in this House amendments to the National Housing Act. They are the result of in-depth studies made in the past few years and which drew on all the government's resources, as well as researchers from outside. Those amendments have been under constant review, and the initiatives and experiences of the past few years have been assessed. The amendments are designed to facilitate the solving of urban problems, as well as access to homeownership for the class of citizens who are deprived of it.

As a representative from Quebec and from the metropolitan area of that province, I am particularly glad to see that there will be, amongst others, amendments providing for a preferential rate loan system for low-income families, as well as valid tools likely to facilitate the rehabilitation of downtown areas for municipalities, which will represent, for provincial and municipal undertakings, a valuable contribution in this area. There will also be mechanisms for citizens' participation, which will be a first in housing legislation, in Canada as well as in other countries. We have to go further and to provide all the services and equipment which give the community a soul.

[*English*]

Mr. David Orlikow (Winnipeg North): Mr. Speaker, as I listened to the Minister of State for Urban Affairs (Mr. Basford) sing the praises of the Liberal government's record in the field of housing I could not help thinking of the saying, "There are none so blind as those who will not see". In criticizing my colleague, the hon. member for Broadview (Mr. Gilbert), supposedly because he was partisan, the minister said—I am not sure that I have the words exactly, but I think basically I paraphrase correctly—"The major concern of this government has been to provide housing for people in the low income bracket".

Mr. Basford: Hear, hear!

Mr. Orlikow: The minister applauds, so I must be quoting him correctly. He said that in the last four years the government has built 135,000 housing units for people in the low income bracket. I presume that means public housing and limited dividend housing, Mr. Speaker. Let us assume that the minister's figure is correct. In the last four years we have built close to 850,000 housing units and my rough arithmetic tells me, if the minister's figures are correct, that we have built between 15 per cent and 17 per cent of those housing units for people in the low income bracket. If that is how the government shows major concern, I hate to think how it would act if it were to show no concern at all.

• (1540)

Mr. Basford: The hon. member is all mixed up.

Mr. Orlikow: Mr. Speaker, if the minister thinks I am being purely politically partisan, let me refer him to a report—one of six submissions to a task force on low-income housing set up by the former minister—written by

a group headed by Professor Melvin Charney, professor of architecture at the University of Montreal. The minister has consistently refused to make public that report.

An hon. Member: Shame!

Mr. Orlikow: I am not surprised. Never have I seen a report commissioned by a government which is so critical or so hostile to a government or to the agencies of government responsible for housing as the report submitted by Professor Charney. Of course, the minister would like to hide it but he has not been successful. Professor Charney says that nearly half of Canada's people cannot afford decent housing and the situation could get worse.

In the report, Central Mortgage and Housing Corporation, the federal government's housing agency, is accused of spending the bulk of its annual $1 billion budget on new construction and of almost ignoring renovation of houses for the poor. I will return to the report later. I challenge the minister to table the report so that we can see whether I have summarized it correctly. If the minister is afraid to table the report, as he has been until now, let me summarize—

Mr. Basford: It is not ready.

Mr. Orlikow: The minister says it is not ready. I have it here on my desk.

Some hon. Members: Oh, oh!

Mr. Orlikow: Let me refer to a speech made on December 8, 1971, by W. H. Hignett, president of Central Mortgage and Housing Corporation. According to a report before me, Mr. Hignett, speaking to the Toronto Housebuilders Association, said that about 95 per cent of families in metropolitan Toronto cannot afford a new house in spite of record production that probably will top $1 billion in 1971. The report then reads:

> To support his contention that builders were not providing enough inexpensive housing, Mr. Hignett noted that in 1962 and 1963 less than 10 per cent of the units produced in Toronto cost more than $20,000.
>
> In 1970, only 10 per cent sold for less than $26,000. About 45 per cent of the houses for sale in that year went for $30,000 or more.

That was said two years ago. I am certain that housing costs in Toronto have risen by at least 15 per cent in the last two years. So the head of Central Mortgage and Housing Corporation has disproved the minister's contention that we are doing well and meeting the housing needs of the Canadian people.

I now want to deal with specific aspects of housing policy in which the government has failed dismally. First, the government suggests that land assembly will be easier when the magic amendments to the housing legislation are brought forward. Mr. Speaker, not a single dollar in the estimates or in capital expenditures relating to Central Mortgage and Housing is set aside for land assembly. Actually, the biggest newspaper in Toronto that has never failed to support the Liberal party during elections—although it may not have done so between elections—the Toronto *Star*, has called for tri-government co-operation in the field of land assembly and has said that this government has shown absolutely no leadership in the field.

Why did it say that? In every major city of Canada the development of land is under the virtual control of two or three major developers who work in our cities. For instance, in Toronto the big developers are Greenwin, Cadillac and Meridian; in Ottawa, Minto, Campeau and probably another; in Winnipeg there are three developers, and I am sure this is true in Vancouver.

Since these developers own the major parcels of land which can be developed, they can control the price of land. And land prices are skyrocketing. These developers are making tremendous profits. Increased land prices, of course, are affecting tremendously the cost of potential homes and finished homes. That is one effect. The other effect is this: since large developers control most of the land available for home building, the smaller builders who could compete with them and build homes at better prices are being frozen out.

This has resulted from the government's refusal to heed the appeals of all sorts of people, including the Toronto *Star*, and make the lead in assembling land for the poor so that the housing needs of people living in our cities can be met. Why does not the minister, who in his previous portfolio was head of the anti-trust division of government, do something? Why does he not consider how these corporations control land prices and housing? Why does he not look at the practices of these developers—practices which have enabled them to eliminate real competition in the building industry? Does the government not care? Or does the minister think that if he does something the developers and builders in question will not contribute to the campaign funds of the Liberal party in the next election?

An hon. Member: Here we go again.

Mr. Orlikow: Professor Charney's report shows in detail that if people on low or moderate incomes want houses, they are better off if they do not buy new houses. The report shows that the program of Central Mortgage and Housing Corporation has encouraged builders and developers to build new homes. Professor Charney makes crystal clear what the government ought to do, namely, institute programs that will make sure older parts of cities are not destroyed.

Mr. Speaker, as one drives through Ottawa, Montreal, Toronto, Vancouver or Winnipeg one sees some of the best homes—old, established homes—being torn down and replaced by cracker-box, high-rise apartments. Why do we not prevent this? Why force people in the moderate income brackets to go 20 or 30 miles from the central part of the city and live in a new development where there are no trees, shrubs or grass? Why not help to preserve the central parts of our cities?

If you go to the Glebe area of Ottawa or to the central part of Toronto, you will see that most houses are still structurally sound. True, they do not meet modern standards in all respects: there is not a bathroom on every floor, and the kitchens lack the number of cupboards that wives want nowadays. There is not room for a dishwasher. Nevertheless, most of these homes could be renovated and remodelled for a moderate amount of money. Why does Central Mortgage and Housing Corporation say to mortgage companies, "If a citizen wants to buy a new

house in the suburbs, let him make a small down payment and assume a mortgage of $18,000 or $20,000"? Why does the government, or Central Mortgage and Housing not stand behind the person who wants to remodel and modernize his home? That man's house may still be sound. Why can he not borrow, say, $6,000, probably all that is required, and modernize the home in which he is living in the downtown area?

• (1550)

Why does the government not do that? There is no indication in anything the minister has said to indicate that they propose to do it. It would be possible to borrow $5,000 or $6,000 at a reasonable rate of interest if there were some kind of free grant program for families with a low income. Then we would not see the bulldozing and destruction of some of the finest homes in the cities of Canada.

About a year and a half ago I had an opportunity to attend a parliamentary conference in Holland. I was impressed by the housing in the city of Amsterdam. Houses which are several hundred years old are still being lived in; they are being remodelled, refurbished and very adequately meet the needs of the people. The government of this country has the view, and CMHC agrees, that if a house is 35 years old the best thing to do is bring in a bulldozer and demolish it. I completely reject that kind of approach.

I urge the minister and the government to pay attention to the very moderate recommendations in the Charney report so that the central parts of our cities will not be gutted and replaced by high-rise apartments. They are very expensive to rent and are really only adequate for single persons or young, married couples: they do not provide sufficient space or facilities for family life.

There is one more point I wish to deal with in the few moments remaining at my disposal. This government has adopted a principle which is not only impractical but immoral. I refer to the principle they have fostered that every person in Canada should own his own house. The fact is that the majority of people in Canada cannot afford to own their own homes, regardless of which government is in office and what it does to make it attractive to buy your own home.

The majority of people in Canada have an income of less than $6,000 a year. There is no way they can afford to buy their own homes. Therefore, we ought to be seriously thinking about policies which encourage rental housing. I am not talking about apartments in every city of Canada where a one-bedroom apartment rents for $225 a month and a two-bedroom apartment for between $275 and $300. That may be adequate for a businessman, and a Member of Parliament may be able to afford it. But those earning $5,000, $6,000 or $7,000 a year certainly cannot afford to pay that kind of rent.

When you consider that the average family moves between five and seven times in a lifetime, it is idiotic not to have a national policy to encourage rental accommodation. Our encouragement of individual home ownership has made people who rent accommodation second-class citizens. We have no effective policy for rental housing, not just for those with low incomes but for those with moderate incomes who badly need housing.

The only program which this government has proposed for people with moderate incomes is the program of rental housing under section 15 of the act, namely, limited dividend housing. That program is a complete failure. There are not enough units, the standards are poor, the community facilities are badly located, there are little or no on-site facilities, the on-site planning is atrocious and the rents being charged are exorbitant. The only people who benefit are the builders.

An hon. Member: What city are you talking about?

Mr. Orlikow: I am talking about Winnipeg, Toronto, Vancouver or any other city. I invite the minister to come with me and the hon. member for St. Boniface (Mr. Guay) to look at the limited dividend housing projects that have been built in the St. Boniface constituency. They are a disgrace.

Mr. Knowles (Winnipeg North Centre): Where is Joe?

Mr. Orlikow: The builders are making a fortune out of these projects. CMHC has no real policy of policing site planning, the design and building standards of limited dividend housing. While designed for moderate income families, this program is so disastrous that it is a bad influence on public housing. People confuse what they see in limited dividend housing projects with low-income housing. Let us do something for people with moderate incomes.

Mr. Mahoney: Vote Liberal.

Mr. Orlikow: The minister says "Vote Liberal". I think people have a good deal more sense, now they have seen what the Liberal government has done.

Mr. Mahoney: It was just a suggestion.

Mr. Orlikow: I advise this government to step up a program to encourage public housing. In the past 2½ years the government of my province, with the co-operation and financial assistance of the federal government, has built 8,000 public housing units, half of them for senior citizens. It is now possible for an old age pensioner with only his old age pension to get a bachelor apartment in a modern apartment building for as low as $32.50 a month. This is what can be done when governments get into the field of public housing.

Mr. David Weatherhead (Parliamentary Secretary to Minister of State for Urban Affairs): Mr. Speaker, I would first like to answer one or two of the comments made by the hon. member for Broadview (Mr. Gilbert) earlier in the debate. As a lawyer who used to do considerable work in the real estate field, I know from experience how important is the question of warranties that the member raised. He mentioned particular problems in Ontario, Sudbury and Deep River.

I asked the officials of Central Mortgage and Housing Corporation to check into these problems and see if we could get an answer before the debate closed today. I have been informed by them that in Sudbury, where the prob-

lem involves only 20 houses or thereabouts, CMHC has met with the builder and that considerable improvements have been made as a result of this intervention. As far as we know, the people there are satisfied with the improvements made by the builder. With regard to Deep River, to the knowledge of CMHC there was only one complaint. Here again, CMHC has intervened and the builder has done additional work.

• (1600)

I think we should debate the question of high interest rates at some other time, perhaps when we consider Bill C-209 in the next week or so. We could then consider the idea of the hon. member for Broadview that the interest rate should be 6 per cent. I believe every member of the House would agree it is desirable that the rate should be 6 per cent or less, as long as we can be sure that sufficient money would be going into the investment market from the private sector to enable the houses we need to be built.

The hon. member for Broadview did not tell us how much he thought it would cost in subsidies to reduce the rate to 6 per cent, nor did he give us his ideas as to the way in which sufficient moneys could be secured from the private market if the rate were 6 per cent. Perhaps he will do so when the bill to which I have referred comes up for consideration.

No member of the government or no member of the House need apologize for the extent to which the National Housing Act has served the people of Ontario during the past four years in which this government has been in office. The National Housing Act during this period has financed and made possible the construction of more than 200,000 homes and more than 20,000 hostel beds for the elderly and students, for a total investment of more than $3,100 million. People in all parts of Ontario in all income ranges, both young and old, have been given the opportunity as never before to provide themselves or be provided with decent housing accommodation.

Of this total investment, more than $1 billion was made available by the federal government, through Central Mortgage and Housing Corporation, to provide 70,000 homes for families of low income and other disadvantaged people, together with 16,500 hostel beds for our elderly people and our students. In the field of subsidized public housing alone, funds have been provided for nearly 40,000 deserving families in 73 Ontario communities, requiring an investment of $500 million and continuing support for subsidy payments in the amount of $20 million a year.

The needy of my province have been served to an extent never before though possible, and may I remind hon. members that more housing has been built for low-income families in Ontario during the past four years than in the whole of Canada for the previous quarter-century. The housing record of this government is one of which I am very proud and this pride is shared by all members on this side of the House. This is by no means the full story. The federal government has provided through Central Mortgage and Housing Corporation $150 million in 74 Ontario communities for new sewage treatment facilities, the assembly of land for housing purposes and the implementation or urban renewal programs.

Let me return to the subject of public housing. We are not only concerned about the rapid expansion of the public housing program to meet the needs of the elderly and families who through no fault of their own do not have access to the products of private enterprise; we are equally concerned about the nature of the housing provided and about its integration into the total community. We are not only concerned about new housing, as important as this may be; we are also concerned about the proper use of the existing housing stock.

In Ontario we provide to the province financial support for the payment of rent supplement subsidies to families to allow them to gain access to private accommodation suitable for their needs. We have shown, and will continue to demonstrate, our willingness to provide every possible opportunity for our needy families to secure good housing. Only yesterday it was announced by the Minister of State for Urban Affairs (Mr. Basford) that a rent supplement program for Ontario for 1972 has been approved which will provide assistance to 1,100 Ontario families to be placed in privately-owned rental accommodation. This is another example of three levels of government working closely with the private sector to provide accommodation for those in desperate need.

There has been much talk in some quarters about the so-called abandonment of the urban renewal program. May I remind hon. members that during the last two years the federal government has made contributions to urban renewal programs at a higher level than in any preceding years. This has meant that in my province grants of more than $26 million have been made. A good example of the changing atmosphere of urban renewal is the Trafann Court project in Toronto where the citizens of the area have worked jointly with the city of Toronto to achieve a project acceptable to both the residents of the area and the city.

In general, however, urban renewal as it has been practiced in Canada has been less than perfect. Too often urban renewal meant the destruction of housing occupied by low-income families, to be replaced by large public or private commercial enterprises. Too often have the people who live in urban renewal areas suffered hardship because of the nature of the urban renewal process, and not often enough have the people directly affected by urban renewal had anything to say about the process that affects their daily life in such an important way. Far from abandoning the inner cities, we have been striving to find ways of improving the circumstances of those who live there, without the distortion, degradation and hardship of urban renewal.

As the minister has stated, there will be introduced into this House very soon a proposal relating to the improvement of residential neighbourhoods. This program will provide assistance for homeowners and tenants alike to bring substandard housing in residential neighbourhoods up to a decent, safe and adequate standard. Assistance will be provided in respect of sites for housing for those of low and moderate income and for the provision of open space and land for a wide variety of community facilities. A substantial portion of the capital cost of neighbourhood, recreation and social facilities such as day-care centres, drop-in centres and multi-service centres, will be

provided by the federal government. Assistance will also be provided for the improvement of normal municipal services and the removal of noxious uses in residential areas.

Perhaps just as important as the improvements that will take place in housing and all other facilities in neighbourhood improvement areas will be the part that the citizens themselves will play. The residents of such areas will be involved in the identification of neighbourhoods, the planning for action and the implementation of the plan. This, we believe, is the proper way to deal with our cities.

It is our intention to conserve the residential neighbourhoods which play an important part in the lives of our citizens. It is our intention to upgrade substandard housing to decent, adequate levels, and I for one am confident that this kind of action will halt the deterioration of residential neighbourhoods into the slum conditions which plague urban places. So let us not talk about urban renewal in old and outdated terms; let us talk about the things we can and will do to improve the lives of our inner city residents.

A great many concerned Canadians, both inside and outside this House, are worried about the rapidly increasing cost of residential land in many communities. The National Housing Act has for many years provided assistance to provinces and municipalities for the assembly of land for residential purposes—indeed, the federal government has provided more than $30 million for this purpose in Ontario during the past four years, which has met every request that the province has made for such funds.

We recognize that public intervention in land banking and the assembly of land may well have a beneficial effect on residential land cost. We shall be introducing legislation to broaden the provisions of the act to make it possible for provinces and municipalities to play an active part in providing land, not only for our growing urban areas but for new communities. We are not naïve enough to think that this can be done with a revolving fund of $100 million as was stated by the Leader of the Opposition (Mr. Stanfield) in a recent speech in Toronto. I assure him that much more is needed and much more will be provided than a revolving fund of $100 million for land banking purposes. I can assure the hon. member for Spadina (Mr. Ryan), who may be speaking next, that there will be lots of money in the fund.

All members know that the Canadian portion of the Great Lakes and the international section of the St. Lawrence River are in Ontario. Members know, as well, that this government has entered into an agreement with the province of Ontario which will provide for a concerted effort to eliminate the pollution in the lower Great Lakes and the St. Lawrence River. This Canada-Ontario agreement is part of a larger Canada-United States agreement whereby the province of Ontario, the government of Canada, the states bordering the Great Lakes and the United States government can jointly eliminate pollution from this great asset.

• (1610)

It has been agreed that the government of Canada will provide during the next five years $165 million in loans to the province of Ontario and Ontario communities bordering these waters, of which $42 million will be forgiven as soon as the work is completed. This, of course, is in addition to the work being done in other Ontario communities for which loans of more than $90 million have been made under the National Housing Act by this government during the last four years, and of which $22.5 million was forgiven.

Despite the record—for which no apology is needed—this government is not afraid of innovation. During the past three years the federal government, through Central Mortgage and Housing Corporation, has invested more than $300 million in innovative projects to find new ways of serving Canadians better. We have experimented on a large scale with assisting lower income people to become homeowners, and we have found ways of providing home ownership to thousands of Canadian families who had no hope of finding housing through the private market mechanism. We will be hearing more about this program as the days go by.

We have found ways to serve old and unattached men and others who require rooming-house accommodation in urban areas. The Braida high-rise rooming-house project on Sherbrooke Street, Toronto, is an example of this. We have worked diligently with native groups, both Métis and Indians, to seek ways of assisting them to solve their housing problems. We have supported co-operative housing societies and will continue to seek new ways of making these more effective. We have worked with citizen groups, non-profit housing corporations and the building industry to examine every possible proposal that holds promise of serving Canadians better.

Some of these activities have involved risks that private enterprise simply cannot take and because of this not all experimentation has been successful: experimentation involves risk. But as a result of this experience and far reaching studies into the housing problems of the defenseless will come the most enlightened proposals for amendment to the National Housing Act that have been seen in this House for a generation.

Mr. S. Perry Ryan (Spadina): Mr. Speaker, in the past 25 years Central Mortgage and Housing Corporation programs have built about 250,000 housing units for the 1,500,000 low-income families in this country. It has therefore met less than one-sixth of the need, and some of the units were not well conceived nor well built.

The hon. member for York Centre (Mr. Walker), who although not in his seat may be behind the curtains, mentioned earlier in this debate that nowhere in Toronto had he seen any limited dividend housing projects that were not satisfactory in every respect. I should like to direct to his attention the Richmond Square project which lies between Richmond Street West and Queen Street West at Niagara, in my riding. There is a $2 million complex standing idle since last April when it sank about a foot into the ground, causing a depression 13 storeys high which the local people call the "Trudeau depression". That is just one example of what limited dividend housing has done for the landscape in Toronto.

I understand that Professor Charney in his report says something to the effect that the Main Square project at Danforth and Main Street, which is close to the riding of

the parliamentary secretary, the hon. member for Scarborough West (Mr. Weatherhead), consists of units so small that they are something in the nature of cages. These are the kind of results government programs are producing and which are being eulogized today by the hon. member for York Centre and the parliamentary secretary. However, I do want to say that I believe the parliamentary secretary made a much better speech today than did the minister.

We are told that since the Leader of the Opposition (Mr. Stanfield) has proposed a $100 million revolving land bank fund for the country, the amount has been upped by the government and that will probably make the fund $500 million. I do not know the precise amount, but apparently it will be sizeable. I wonder how responsible the government is being in this respect, in view of the fact that its estimated budget for the current year is over $16 billion without supplementaries. I do not think there is any provision made in the estimates at the moment for these hundreds of millions of dollars. However, the government must take responsibility for this, as it will have to take responsibility for the consequences of its poor financial management of the affairs of this country.

There is no denying the fact that ours is materially one of the richest countries of the world. We enjoy one of the highest standards of living and although we are not self-sufficient in every respect we are becoming increasingly so. Yet strangely enough we have a dire shortage of decent housing for the low-income and poor people of this country. As former speakers have made clear today, people in all parts of Canada are living in substandard housing. Many still live in log cabins, tarpaper shacks, former streetcars, buses and the like. This type of substandard housing is a disgrace and many people who are in this situation have little hope for the future. In general, their income is not sufficient to permit them to make a large down payment on a home and to assume heavy mortgage payments.

Since the need for housing is not decreasing but increasing, something must be done to alleviate this situation. I hope that the puffing by the minister this afternoon means that his amendments will cover the whole problem, not just another fraction of it. I also hope that the amendments will deal substantially with the rehabilitation of homes. In this respect I should like to draw to the attention of the minister an excerpt from an article that appeared in the Toronto *Star* of Monday, May 29 last by the well known columnist and able panelist, Miss Dian Cohen. She writes the following under the heading "Several questions":

> The decision to recognize the need for rehabilitation as well as for new construction is long overdue. So-called "low-cost" housing projects have cost the public purse as much as $15,000 a unit in past years. Restoration costs run around $2,500 to $3,000 a unit.
>
> But if the new policy is to succeed in producing more, higher quality housing for the poor, several questions have still to be answered.
>
> First, will rehabilitation of existing housing be accompanied by rent controls, a freeze on assessment rates and a guarantee of purchasing adjacent land to prevent speculation? Will landlords be compelled to take advantage of government subsidized loans in order to restore their property?
>
> Second, will low cost housing—like the unemployed—continue to be the unfortunate side effect of restrictive economic policies?

• (1620)

> As long as the housing industry is at the mercy of government whim, there can be no lasting solution to the problem of adequate housing for low-income groups.

To these two questions I should like to add a third. Will the size of the units of low-cost housing be increased so they will be reasonably large enough to satisfy the needs of human beings? It is not only the people in the low-income brackets who are feeling the income pinch; more and more people are finding that housing is taking an ever increasing share of their income. Young married couples working as professionals are also finding it difficult to purchase and set up new homes.

By the year 2000 it is expected that 94 per cent of Canada's population will live in urban areas. In view of this, the comment in the Speech from the Throne of February 17, 1972, that "One essential is the provision of adequate housing of high standards to all Canadians" becomes all the more imperative; yet the government has failed to do anything about that situation up to now. It promises to do it tomorrow, but from what we have seen of this government, much of the time tomorrow never comes.

In 1969 the average cost in Canada of a detached, three-bedroom bungalow was $20,831. By 1970 this has risen to $22,422. These figures conceal a great deal, for they are averages and as such conceal, even though they are appalling enough, the inordinately high cost of homes in areas such as Toronto where an average home costs considerably more than $22,422. In Toronto, which is perhaps the most expensive place in Canada to buy a house, the average price for new and resale houses is now in the $32,000 range. This is an increase of 5 per cent over the 1971 average.

Home buyers are facing higher borrowing costs as well as higher prices for houses. Right now, prime conventional house loans on good urban properties carry interest rates of 9 per cent to 9.5 per cent. In addition, National Housing Act mortgages generally cost 9¼ per cent. It is the responsibility of this government to lower these interest rates.

During the 1968 election campaign a great deal was said about urban affairs. The leaders of the Liberal party poured forth many commitments in this respect. Interest rates were to be kept reasonably low, land costs were to be kept as low as possible and a concerted effort would be made to attract more investment in mortgages. What we have in 1972, after four years of non-government, is ridiculously high land costs, mortgage interest rates which are unacceptably high, close to 10 per cent, and a desperate need for investment in the mortgage field.

This House has been constantly told that dynamic new policies are under consideration, but I recall that after one of its former cabinet ministers completed his task force study on housing the entire matter was more or less shelved. I suggest it is time for members opposite to take concrete and dynamic initiatives with regard to housing and urban affairs.

There are three main avenues which the government may follow to reach the goal of giving some relief to homeowners and potential homeowners. The first of these

is the tax system, the second is actual expenditure of federal funds and the third is new legislation dealing with building codes. It is possible for the government to give a great deal of relief to homeowners and would-be homeowners through the tax system. Parliament might, for example, grant homeowners a tax credit on their personal income taxes equal to their property taxes, or a portion thereof if the government wants to be miserly about it. Also worthy of consideration is the idea of granting homeowners a tax credit equal to the sum of their mortgage interest or, again, a portion of it. Home improvements might also be considered as being an alternative tax deductible expense.

New tax sharing agreements might also be considered. Under our constitution, the federal government has almost unlimited taxing powers and they certainly know how to use them. The federal-provincial tax sharing agreements are signs that the federal power has responded to the obvious need for sharing its funds. Perhaps it is time this sharing was extended to include municipalities across Canada. At the present time municipalities are the poor boys of the three levels of government. The taxes available to them are highly inelastic and completely inadequate for their needs. I would suggest to this House it is time for us to seriously consider the possibility of direct federal-municipal tax sharing agreements with the consent of the provinces. I admit there are numerous constitutional difficulties, but if the problem is approached with common sense and good will I am sure these difficulties could be resolved.

Mr. Bell: Where are they going to get the common sense?

Mr. Ryan: The minister seems to think he would be able to persuade Mr. Bourassa to keep the conference in November at the three-level rather than the two-level which Mr. Bourassa apparently prefers at this time. Perhaps there is some hope. The second avenue of federal expenditure involves the actual expenditure of federal funds. A great deal of research needs to be done in the area of building techniques in this country. I believe the federal government should provide more funds for research and facilities in this field. It is just not good enough to have a National Builders' Association subsidized to build a few experimental homes in places it selects. What is required is a new federal program designed to experiment with many new innovative building techniques for homes and apartments, better control over prime and subcontractors, with better inspection and soil testing.

The third avenue I mentioned is that of new legislation dealing with building codes. An obvious need exists for a new, modern national building code which while taking into account climatic and other differences among the various regions of Canada will standardize building codes across the country. It is only in this way that the Canadian housing industry will be able to take the fullest and most complete advantage of modern industrial techniques of manufacture and assembly.

As well as the three major avenues of development which I have mentioned there are numerous other matters the government should be examining. Recently the government introduced Bill C-209, the residential mortgage financing bill, which it feels will work some type of miracle cure for the maladies presently being suffered by our housing industry. I do not think it will achieve this. However, I do not intend to fully criticize the bill at this time because I will probably speak in the debate when the legislation is before the House.

I believe that before the government involves itself in the setting up of new financial institutions, it should fully investigate, evaluate and assist in the rehabilitation of existing housing, the maintenance of existing housing, neighbourhood improvement and setting up of serviced and unserviced land banks.

Mr. Basford: You are stealing my speech.

Mr. Ryan: We hope this will all come to pass, but after four years we are a little skeptical and have to take some of these things with a grain of salt. We will know after the amendments have been introduced by the minister whether they will cover the whole picture or whether they will be just a fractional solution.

• (1630)

The combination of down payment, monthly mortgage payment, upkeep and service payments and tax payments has greatly increased over the past decade and this has sufficed to place the cost of new housing far beyond the reach of many. Why, then, is there little rehabilitation of our existing stock of housing? There are numerous reasons for this. I hope the rehabilitation provisions will be used to a far greater extent and prove of more utility than the existing situation under the National Housing Act.

Frequently, older homeowners take the view that their homes will, with a minimum of upkeep, satisfy them for the remainder of their days. Home improvement is not attractive to them. Improved property attracts increased property taxes, as an added price for keeping up the fabric and appearance of a dwelling. It is in this area that the federal government could do much by allowing tax credits on net personal income for either the cost of home improvements or the net increase in property taxes resulting from home improvements.

As well, the government should extend National Housing Act provisions to make federal grants and loans available for rehabilitation of existing dwellings. Financial assistance should be on an individual basis according to the income of the family or landlord and the condition of the house to be rehabilitated. The government should also be taking concrete steps with regard to neighbourhood improvement. For almost four years now the government has been dilly-dallying with programs which would best aid municipalities to improve the environment. I hope it has now solved the problem. The previous urban renewal program was prematurely curtailed. At that time it was indicated that a new form of urban assistance directed mainly at the improvement of housing and living conditions would be brought in shortly. As yet we have seen nothing. Once again the efficiency and sincerity of this government is questioned.

Not only does the government desperately need to introduce programs aimed at housing and living conditions, but it must also introduce a program of priorities to tackle such problems as improper land use, inadequate

street patterns and shopping facilities, transportation, poor government housekeeping and social services. The federal and provincial governments are responsible for setting proper priorities within their fiscal resource plans. Where are these plans? Every year the estimates increase and each year there are the same complaints of the inadequate social programs of this government. Adequate resources should be provided by this government, available to municipalities on a continuing basis for conservation, improvement and redevelopment of existing neighbourhoods and newly created ones. This should be done in a way that would protect our past and prevent slums.

Conservation and improvement of neighbourhoods for low and moderate income residential neighbourhoods is especially important in facilitating the involvement of neighbourhood residents to plan and implement. The present government thus far has failed to introduce a social plan that would preserve neighbourhoods. It is time a program was introduced to make grants and loans available, within a ceiling, to local neighbourhoods.

The Acting Speaker (Mr. Laniel): Order, please. I regret having to interrupt the hon. member, but the time allotted to him has expired. The hon. member for Kent-Essex (Mr. Danforth).

Mr. H. W. Danforth (Kent-Essex): Mr. Speaker, I express my thanks for your allowing me to take part in this debate because I have looked forward to it for some time. In bringing this matter before Parliament for public debate through an opposition motion, we hoped we would receive constructive help from the government and a constructive indication of what the program would be. As usual and as might have been anticipated, government members, the minister included, have dwelt on their accomplishments in this field. They indicated, as usual, that Canadians have never had it so good. Also as is usual with an upcoming election, they promise tremendous amendments in respect of this very serious problem. This is not good enough. This is not the type of action the people of Canada want from this or any other government so far as housing is concerned.

Listening to speakers from the government benches, one would almost believe they do not realize how serious this problem is and how many Canadians it affects at all levels, low-income, middle-income and even upper-income. Something must be radically wrong with the economic environment of a country when the government calmly assumes that a person earning under $8,000 a year has no business attempting to own his own home and, calmly assumes that young people should be tied up financially for 40 years in an attempt to pay for a home.

I hope, Mr. Speaker, you were as impressed and awed by the figures put on the record as I was. They indicated that people who buy and attempt to pay for their homes will pay four times over before they have met their obligation. This situation will not be tolerated in Canada. We will have more improvisations which will cause more difficulty than we have at the present time.

I was not at all impressed when the minister told us the number of homes which have been constructed. If I heard him correctly, he said that this year 230,000 starts would be made. He did not indicate how many units the department and the people of Canada decree as the absolute minimum which must be built every year. He did not say that in the last four years we have fallen behind the 100,000 starts which is the minimum needed. This is why the type of facts and figures placed on the record by government members can be misleading: they do not tell the story.

When they talk about accomplishments, the accomplishments are not enough when people cannot have a place to live in this country of ours. When my associates talk about the necessity for further construction and meaningful consultation among the three levels of government, this certainly is what is needed. What we see now is the development of land for mobile homes. We see trailers being set up in the back yards of existing homes and alongside existing houses. This compounds the problem in respect of sewage disposal, ecology, schools and so on.

Some of these houses are actually in gravel pits. As my colleague, the hon. member for Spadina (Mr. Ryan), pointed out, some people actually live in converted buses, trailers and in even worse conditions. When we tolerate such a situation in Canada something is totally wrong and must be corrected. We cannot wait for amendments which may come some time in the future. This is not good enough. This government has been in office through two Parliaments and has had an opportunity to improve the housing situation in Canada. It has not done so. What is the alternative?

Mr. Basford: Not you.

Mr. Danforth: The minister says it is not me. I assume he means my party.

Mr. Basford: Nothing personal.

Mr. Danforth: Mr. Speaker, my party and my colleagues feel that the approaches taken by this government are no different than those taken through the years which have proven to be ineffective. That is our objection. We feel there should be a brand new approach. If this government can allocate up to $1,000 million for the creation of a new international airport, with all it means to the environment and the surrounding country, the small municipalities and towns and everything that goes with it, is it not true that we could spend the same amount of money on creating new municipalities where they are needed?

• (1640)

When we think that today we are creating uranium factories and plants for the creation of energy in the form of electricity, and that these plants must be built on the side of large bodies of water to get rid of excess energy in the form of heat, does it not seem logical, plausible and practical to build such plants as the source and centre of a municipality and to use all this extra energy to provide heat and energy for our housing developments? Does it not seem plausible that when we have to construct networks of roads and railroads and services for these types of plants, they should be utilized also for the development of municipalities?

Does it not seem plausible and practical that we should take some of our submarginal land for this type of estab-

lishment and create the services necessary to develop satellite cities or communities where people could live, instead of using arable land which is and will be so necessary for the production of food in the future?

We have to look at new policies and new ways of construction. We cannot forever put people in high-rise apartments, because they cannot stand this type of living: it does not appeal to all people. We are running into problems when we talk of land banks. We must have land to create the necessary space for building because we cannot have people living elbow to elbow without trouble. We can no longer tolerate the program that has been followed, where valuable farmlands surrounding existing municipalities have been tied up by local provincial and federal regulations, land which the owners cannot develop, land which is held in limbo and which could be utilized for agricultural purposes until such time as it may be designated for domestic or industrial use.

The answer lies in the creation of a land bank over which we would have absolute control and for which we would be responsible. This government proposes to tie up this land, the value of which is increasing every year because of the necessity of expanding our housing. Its present owners, the farmers, will have to pay a tremendous amount of income tax or capital gains tax and will not be able to profit from the development of their own land. The speculators will profit from it, not the owners.

Does it not seem right and justified that we should have a government department take possession of this land and do two things: guarantee a fair price for the land to the householder and a fair profit to the original owner of the land? We need an ordinary, common sense approach to housing, but we are not getting it. There is something wrong.

Some weeks ago I visited a new housing development because I was interested. I walked into the office where they were offering new houses for sale. There was a young couple in front of me. They were asking for reassessment of their payments. They were paying $186 a month on their house and after three years of this they had paid only $69 on the principal—all the rest of it had been taken up in expenses, insurance and interest. How would they ever be able to afford a house? This is what is wrong with the housing program of this government and I cannot understand why they cannot see it.

Mr. Gilbert: These are your financial mechanisms.

Mr. Danforth: What concerns me is that the minister seems more interested in asking people to read his speeches than in directing a policy of his party that will solve this problem.

Some hon. Members: Hear, hear!

Mr. Danforth: The finest speech in the world will not solve this problem. We must have a policy, and we cannot have policies that follow the same old line because they do not work. This has been proved. We must go out in new directions, and I say that the time to do so is now. Is it not a strange country in which we live, where people are desperate for houses and are living in tents while under the agricultural policy of the government farmhouses are being abandoned and are falling into decay because there is no one to use them?

The taxes on farm property are so high that the farmers cannot afford to maintain their dwellings. Houses are being torn down, burned down or they fall down at a time when they are desperately needed in Canada. And the government is not even aware of this fact! My colleague has brought my attention to instances in Canada of property owners taking the roofs off their houses so they will not have to pay taxes on them. This is the situation when people are in desperate need of houses.

An hon. Member: Don't believe everything he says.

Mr. Danforth: It is not a question of believing, it is a question of grieving and this government does not see it. You cannot be proud of a record when people are without houses in Canada. We are talking about an affluent society, yet people live in garrets where normally you would not even keep an animal. Out of desperation people live there because they have to have a roof over their heads. This is what is going on in Canada today, and yet you talk about the record of this government. I would like to have time to talk about the record of the government.

An hon. Member: Go ahead; you have ten more minutes.

Mr. Danforth: We could get right back to a request that has been made by my party and by other parties on this side of the House, for the government to relieve the costs borne by householders directly by removing the sales tax on building materials. This action would make it possible immediately for householders at any level to buy a house at a cheaper price. But the government will not even consider this.

We have heard them speak about putting millions of dollars into a land bank, yet they tell us they cannot remove the 11 per cent sales tax on building materials because it might cost a few million dollars. Legislation is needed immediately to help these people. It will be a crying shame and a scandal if the government has held off this necessary legislation simply in a desperate attempt to win the next election. This is contemptible, but it is what we have to expect. There has been lots of time to bring in legislation. The government sets up the legislative program for Parliament; it is the government that brings in measures, not the opposition. Why have we not dealt with this problem until now?

• (1650)

Mr. Speaker, I am delighted to have an opportunity to speak on this subject today because I think it is time the public of Canada knew who is at fault. This government talks about leadership.

Mr. Dinsdale: What a joke.

Mr. Danforth: They cannot even make a speech unless it is written by someone in the department. What kind of leadership is this?

Mr. Basford: How is your research staff?

Mr. Danforth: Mr. Speaker, our research staff is just dandy. They were able to prove to us that the situation is

far worse than we even suspected. I am delighted to find this out, but I feel sorry for the householders of Canada.

Mr. Knowles (Winnipeg North Centre): The minister's staff tells him the same thing.

Mr. Danforth: It is time we had a government in Canada that brought in policies. They talk about something that is new, something that is daring, something that is invigorating, something that is a challenge—but if they brought one new policy into this Parliament it would be a first for them. They talk about their record. They had an opportunity to run on their record, and they have not done it.

Mr. Speaker, we are talking about the problems of the people of Canada. Members on the government benches may laugh, but among the citizens of this country the matter is most serious. The idea that a young couple has to postpone marriage because there is no place to live, the idea that people cannot afford a home even though they may earn $6,000 a year, is a tragedy in Canada. The idea that old age pensioners cannot find a home at any price because there is no low-cost housing available to them, is criminal.

In conclusion, Mr. Speaker, we like to feel we can be proud of Canada and the way Canadians are treated. This is the way we should feel. But no member in this House on either side can justifiably feel proud of our housing policy. It is criminal, it is tragic, it does not meet the needs of the people and the really sad thing is that every month the situation grows worse. We are producing less units every year than the minimum needed, and the cost is increasing as is the interest rate. It is a tragedy that is growing even more tragic, and I think we will all rue the day when the government brought in what they consider to be their housing policy.

Mr. Ian Watson (Parliamentary Secretary to Minister of National Revenue): Mr. Speaker, in the few minutes that remain this afternoon I would urge the Minister of State for Urban Affairs (Mr. Basford) to assume, in his new capacity, the activist role that he played so well in his other responsibilities.

Mr. Knowles (Winnipeg North Centre): I hope he will do better than he did on the price of drugs.

Mr. Watson: The activist role I would urge for the minister, Mr. Speaker, would have the CMHC play a role not simply of a passive lender, which appears to have been its role so far in the province of Quebec, but a role where it would use its power as a lender to force upon municipalities the kind of reform that I feel is essential if we are to protect our local municipal taxpayers.

In my constituency there is a rising population. It is now the second largest in the province of Quebec, with a population of 131,000. This has meant a tremendous expansion in housing in the last few years. This expansion along the south shore of the St. Lawrence opposite Montreal has been as a result of direct CMHC loans and NHA guarantees and, more recently, the CMHC sponsored low and moderate cost housing. But this federal input has not been reflected in any visible improvement in local planning or in the amount of space set aside for green areas, recreation areas or park areas. On the municipal financing side, Mr. Speaker, this growth has been accompanied by a disastrous deterioration in the finances of most of the local municipalities, with the result that in one or two communities which I represent, taxes on a $12,000 or $14,000 house are in the $800, $900 per year range.

What is happening now is that because of this chaotic and terrible local municipal financing, the low-cost and direct loan housing which formerly was within reach of a very large segment of the population, is being forced out of the reach of the very people it was designed to help. The major cause of this poor municipal financing is the practice which is still tolerated by the Quebec department of municipal affairs of allowing municipalities to not incorporate into the cost of house lots all municipal costs associated with such lots. I mean not only roads, sidewalks, water and sewage costs but also lighting, police, fire, recreation and administrative services. In most parts of North America and in Ontario I understand the practice is followed of capitalizing all costs into housing. The cost of all these services, actual and anticipated, is capitalized and forms part of the cost of the lot. Although the lot costs more initially if it is financed by CMHC, it is spread over the loan period and municipal taxpayers do not end up having taxes increased to pay for the cost, largely hidden, of every new subdivision and housing development.

The minister indicated today that he is proposing to bring in some NHA changes soon. But I would submit, Mr. Speaker, that these changes will not benefit the people they should help, the long suffering municipal taxpayers, unless—in my province at least—the condition is attached for CMHC loans and NHA guarantees that would require intelligent municipal financing for new development. This must include the capitalization of all costs associated with new development.

The Acting Speaker (Mr. Laniel): Order, please. It is my duty to inform the House that pursuant to section 11 of Standing Order 58, the proceedings on the motion have now expired. Accordingly, this House stands adjourned until Monday next at 2 p.m.

At 5 p.m. the House adjourned, without question put, pursuant to Standing Order.

HOUSE OF COMMONS

Monday, June 5, 1972

The House met at 2 p.m.

ROUTINE PROCEEDINGS

EXTERNAL AFFAIRS

STATEMENTS ON MASSACRE AT TEL AVIV AIRPORT AND MEETING OF NATO FOREIGN MINISTERS

Hon. Mitchell Sharp (Secretary of State for External Affairs): Mr. Speaker, I should like to make two statements today, a very short statement that I have been asked to give on the events at the Tel Aviv airport and also a statement on the meetings of the NATO Council in Bonn. I have discussed this with the opposition parties who are agreeable that I give the two statements together and comments can be made on both at the same time.

I am sure all members of the House shared my feelings of shock and horror when they heard the news of the shooting incident at Tel Aviv airport on May 30. Such acts of senseless violence directed against innocent civilians can only be deplored by reasonable people everywhere. In my absence from Canada, Senator Martin on May 31 conveyed to the Israeli Ambassador in Ottawa the government's feelings and expressions of sympathy to the bereaved families of the victims of this horrible crime. I know the House would wish to join me in expressing sincere condolences to the family of Mrs. Subach of Montreal, who was killed, and to her daughter, Miss Mimi Subach, who was wounded, our wishes for an early recovery.

The ambassadors of Israel and Lebanon have made known to us the views of their governments on this episode. We have taken note of a number of public statements, among them one by the president of Lebanon last Friday condemning the Tel Aviv airport incident. In addition, our ambassador in Beirut has been instructed to convey our views on the incident to the Lebanese government.

This tragic episode is another instance of acts of violence by extremist groups which are unfortunately becoming all too common in various parts of the world. Such acts are particularly dangerous in the Middle East, and I hope that this one will not lead to an escalation of violence there.

Since the incident, new security measures have been put into effect in Canada. My colleague, the Minister of Transport (Mr. Jamieson), would be glad to give information to the House on these measures.

Mr. Speaker, I would now like to give a report on the NATO Foreign Ministers meeting, from which I have just returned, in the capital of the Federal Republic of Germany, situated at the crossroads of Europe. In terms of time, too, the Bonn meeting took place at a crossroads in the evolution of East-West relations.

The NATO meeting coincided with the completion of President Nixon's talks with Soviet leaders. Secretary of State Rogers reported to his colleagues in Bonn on this historic visit and, in particular, on the strategic arms limitation agreements. We all welcomed these agreements as an important turning point in efforts to curb the nuclear arms race and enhance international security through nuclear arms control. Along with other ministers, I welcomed the commitment of the United States and the Soviet Union actively to continue negotiations on further limitations. I also expressed particular appreciation to the United States for having regularly consulted its allies in the North Atlantic council throughout the negotiating process.

On June 3, shortly after the NATO meeting, the Foreign Ministers of the four powers signed a final protocol bringing the Berlin Agreement into force. At the same time, representatives of the Federal Republic of Germany, the Soviet Union and Poland exchanged instruments of ratification concluding their non-aggression treaties. The Canadian government welcomes these agreements as major steps forward in relations between East and West. The Berlin Agreement hopefully marks the end of the recurring tension and instability in and around Berlin that have frequently envenomed East-West relations since the blockade in 1948. The non-aggression treaties should remove another source of tension, allowing the Federal German Republic to put its relations with Eastern Europe on a more normal basis.

• (1410)

Together these developments open the way for the Alliance to take part in multilateral preparatory talks on a conference on security and co-operation in Europe and for the two German states to begin negotiations on a *modus vivendi*. Such an accommodation is necessary for the success of the Berlin agreement and for the maintenance of stability in Central Europe. If the two German states can agree on a *modus vivendi*, it will pave the way for their entry into the United Nations and a general recognition of the German Democratic Republic.

When one looks back at the many years of stagnant East-West relations, the conclusion of the Berlin agreement and the non-aggression treaties represents remarkable progress. It vindicates the Alliance's policy of making a Berlin settlement the pre-condition for progress on preparation for a conference and demonstrates that the Alliance, through its solid support for Chancellor Brandt's "ostpolitik", is a positive instrument for détente.

NATO Ministers agreed in Bonn to accept the invitation of the Finnish government to hold multilateral preparato-

ry talks in Helsinki to prepare for a conference on security and co-operation. The exact date on which the European countries, the United States and Canada will sit down to talk about a conference will have to be set by mutual agreement among the potential participants. With other NATO members, Canada will now move to engage other interested countries in planning for this phase.

I should emphasize that a decision to convoke a formal conference has not yet been taken. That decision will depend on the outcome of the preparatory talks. The aim of NATO countries at these talks will be to ensure that our proposals are fully considered and to establish that enough common ground exists among participants to warrant reasonable expectations that a conference will produce satisfactory results.

For example, we want to see more normal contacts and exchanges between countries of different political and social systems in Europe. To achieve this end, the conference should deal in a practical way with measures designed to contribute to the freer movement of people, information and ideas. I was not alone in underlining the importance of this consideration at our meeting last week.

On the military side, NATO Ministers were agreed that certain stabilization measures could usefully be discussed at a conference in order to create confidence on both sides.

In addition to a conference on security and co-operation in Europe, NATO Ministers devoted considerable attention to the question of mutual and balanced force reductions. Just as we have always considered that progress in East-West political détente must be measured in terms of practical results, especially on the Berlin problem, so we believe that any real improvement in security in Europe will remain illusory unless it is accompanied by some reduction in the concentration of military power in the area.

This is not to say that force reductions should be negotiated at a conference. It would be impossible in practical terms to carry out negotiations on such a complex matter among the 35 participants in a conference. Preparations for a conference and for mutual and balanced force reduction negotiations should, however, proceed as far as possible in parallel. In order that force reductions complement the political achievements of a security conference, talks on the two subjects should be concurrent but separate.

Unfortunately the explorations on mutual and balanced force reductions have not yet begun because of soviet unwillingness to receive Manlio Brosio, former Secretary General of NATO, as an explorer. More recently, however, the Soviet Union has expressed its willingness to explore procedures for negotiations on mutual and balanced force reductions. At the Bonn meeting NATO Ministers affirmed their support for multilateral explorations. The next step will be to find means of translating this idea into action. I suggested in Bonn that a group should be selected among NATO members to engage the Soviet Union and other interested countries in preliminary talks to seek sufficient agreement to bring about negotiations. Considerable interest was shown in the Canadian idea at the meeting and we hope Alliance members can reach accord on some form of group approach in the near future.

The atmosphere in Bonn was very much influenced by the promising progress recently made in the broad negotiating process by which we hope to resolve the underlying causes of tension, including the division of Germany. NATO countries responded by expressing their intention to pursue the opportunities for progress on both preparations for a conference and explorations for mutual and balanced force reductions. We should have no illusions about the difficulties that lie ahead. In many ways the task which now faces us is the most difficult of all. We shall have to combine continued defence preparedness with pursuit of détente, Alliance solidarity with willingness to seek accommodation with the other side, and firmness on basic principles with flexibility on means.

Canada has direct and identifiable interests in both security and co-operation in Europe. That is why we have supported Alliance policies in defence and détente in the past and why we intend to work with our NATO allies in the continued search for improved East-West relations through mutual and balanced force reductions and a conference on security and co-operation in Europe.

I should now like to table the communiqué issued after the meeting of the North Atlantic Alliance, and suggest, if the House agrees, that it be printed as an appendix to *Hansard*.

Mr. Speaker: Is it agreed?

Some hon. Members: Agreed.

[*Editor's note: For communiqué referred to above, see appendix*].

Mr. R. Gordon L. Fairweather (Fundy-Royal): Mr. Speaker, I am sure the minister speaks for all of us when he underlines the horror we felt on learning of the senseless violence at the Tel Aviv airport. We share in his expression of sympathy to the family of Mrs. Subach. Surely it is not too much to ask in 1972 that innocent people be free to travel the world. Surely it is also obvious that violent acts of this sort only make the problems in the Middle East more difficult of solution.

I thank the minister for making available a copy of his statement on the meetings of the NATO council that he attended. He spoke about being at the geographic crossroads of Europe and at a crossroads in the evolution of East-West relations. I am sure we would agree that this is an important juncture. Indeed, President Nixon's visit to Moscow must have been underlined by the NATO council meeting, the SALT talks and so on. I am sure we are interested in the development of plans for a European security conference, although I suppose it is not too unfair to say that no one can accuse NATO or the Warsaw pact countries of moving with undue haste, since this has been very much an international topic for some years now.

The minister also mentioned the success that President Nixon had in achieving an agreement to curb the nuclear arms race. Here I was struck by the irony of the fact that France will later this year be testing nuclear devices in the Pacific area. Presumably France is now attending and participating in the meetings being held by the United

Nations at Stockholm, but I suppose it is also true to say that irony is not an unknown concept in international issues.

I am sure it is important for the European community and for NATO to be at the stage now where they are co-ordinating their international policies. We must remember that NATO is not the same thing as the European community. The communiqué the minister has tabled concerning the ministerial sessions of NATO contains the words "freedom and security" and refers to the need to preserve freedom and security on the part of all members of NATO. I hope that as we preserve these concepts internationally member nations, such as the military regime of Greece, will live up domestically to the ideals that undoubtedly she espouses if she is a signatory to this communiqué internationally.

• (1420)

Mr. Andrew Brewin (Greenwood): Mr. Speaker, I join, as do all members of my party, in the feelings of shock and horror expressed by the minister at the senseless massacre at the Tel Aviv airport. We also join him in the messages of sympathy to the families of the victims. There are two features of this appalling outrage I want to note. First, it was fully premeditated and fully planned and, second, it was aimed at entirely innocent civilians. It marks a new high in barbarism. One of the most regrettable features is that certain spokesmen for some governments in the Middle East condone this act of terrorism. All the more credit to King Hussein of Jordan who described it as a product of sick minds. There is no doubt of the revulsion of the whole civilized world at such acts of violence. Surely it is up to governments to co-operate more effectively in limiting and preventing the preparation of these deeds of terrorism within their own territories.

The general statement of the minister on the NATO ministerial meeting was most welcome to us and I think to men and women of good will throughout the world. Although much remains to be done to end confrontation in Central Europe, most striking and encouraging progress has been made.

The Moscow communiqué, setting out the results of the meeting between President Nixon and leaders of the U.S.S.R. indicates that the two superpowers have set their faces toward a more co-operative relationship. The SALT talks resulting in the signing of a treaty on the limitation of ABM systems and the further agreement on the limitation of strategic offensive arms mark a slackening of what has been called the mad momentum of the nuclear arms race.

The Berlin agreement removes a source of tension in Central Europe. Non-aggression treaties between the Federal Republic of Germany, the U.S.S.R. and Poland have opened the way to a reduction of fear and suspicion in that part of the world, and also opened the way to the proposed European security conference. I suggest we should now be ready to welcome both Germanys into the United Nations.

I pay tribute to Chancellor Brandt. In my view his statesmanlike initiatives have had a lot to do with the far better climate of affairs in Europe at the present time.

We acknowledge that preparatory talks are necessary before the European security conference proceeds, but we hope that the NATO countries do not drag their feet on the ground of need for preparation. We think that the momentum of recent events should be followed by action.

The subject of mutual and balanced force reductions is a complex subject, but this is absolutely essential if there is to be reality in the reduction of tension in that part of the world. I have never been quite sure that Mr. Brosio, the former Secretary General of NATO, was the right person to send to deal with mutual and balanced force reductions. However that may be, I am glad to see this communiqué indicates that multilateral discussions will take place.

I would end by saying that the test of all these useful developments will be the momentum with which the nations use the favourable atmosphere and for positive and definite moves toward a more co-operative world community.

[*Translation*]

Mr. Réal Caouette (Témiscamingue): Mr. Speaker, my colleagues and I share the regrets and concern expressed by the hon. Secretary of State for External Affairs (Mr. Sharp) in regard to the recent massacre at the Tel Aviv airport which was no doubt organized and planned by criminal lunatics. We deplore such acts, whether they occur in Tel Aviv or elsewhere. We regret this escalation of reprovable acts by notorious criminals seeking to create panic wherever they go.

Such acts have been committed in Tel Aviv, and even here in Canada. Some are occurring now in Latin America, in Mexico and other countries.

We therefore join the representative of the government in expressing our most sincere condolences to the bereaved families.

Concerning the other subject dealt with by the hon. Secretary of State for External Affairs, the NATO meeting, I should say that negotiations between the Soviet authorities and the President of the United States have resulted in agreements on arms limitation, on the use and testing of nuclear arms. We suggest that it is not through arms that peace can be achieved in the world, but rather through understanding, charity and co-operation whether between Russia and the United States or any country, including Canada. I repeat, Mr. Speaker, that in my opinion it is through dialogue and understanding that a just and durable peace can be established in the world.

Now, even though people or representatives of government may say efforts are being made to achieve peace, we must recognize that the more peace is discussed the greater disagreement and bickering because between the various countries of the world. And it is certainly not through arms or criminal acts such as we have been witnessing recently that a just and durable peace can be established.

My colleagues and I are happy with the talks the President of the United States has held and we hope they will have favourable consequences, which might renew the hopes of the population as to the establishment of a just and durable peace throughout the world.

[*English*]

TRANSPORT

WESTERN ONTARIO RAILWAY PASSENGER SERVICE—REQUEST FOR UNANIMOUS CONSENT TO MOVE MOTION UNDER S.O. 43

Mr. W. M. Howe (Wellington-Grey-Dufferin-Waterloo): Mr. Speaker, pursuant to Standing Order 43 I ask the unanimous consent of the House to propose a motion in the following case of urgent and pressing necessity. Last week the Standing Committee on Transport and Communications held hearings in western Ontario to ascertain whether alternate, efficient comfortable bus service had been provided as promised at the Canadian Transport Commission hearings in Owen Sound in March, 1970. In view of the fact that these services are far from being as promised, bringing untold hardship to thousands of citizens both young and old, with consent I intend to move, seconded by the hon. member for Huron (Mr. McKinley):

That the government immediately issue instructions to the Canadian National Railways and Canadian Pacific Railway to re-establish the passenger rail services which were discontinued in November, 1970, in western Ontario.

Federal authorities in conjunction with the province of Ontario and the municipalities involved immediately undertake studies which would involve public hearings with a view to determining a minimum railway passenger train network as defined in relationship to the most economic, efficient and adequate transportation system required.

Mr. Speaker: Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

Mr. Speaker: There is not. The motion cannot be put.

ATLANTIC REGION FREIGHT RATES—REQUEST FOR UNANIMOUS CONSENT TO MOVE MOTION UNDER S.O. 43

Mr. Elmer M. MacKay (Central Nova): Mr. Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity. It concerns reports which indicate that the railroads are about to seek further increases in freight rates in the maritime region. In view of the fact that this represents the ninth increase in freight rates in 30 months, and in view of the crippling effect that such additional increase would have—

Mr. Speaker: Order, please. The hon. member is now arguing the case. I suggest to the hon. member that the motion should be put without argument.

Mr. MacKay: Mr. Speaker, I move, seconded by the hon. member for Edmonton Centre (Mr. Paproski):

That the Minister of Transport impose a moratorium on freight rate increases until the government announces its over-all transportation policy for this region.

Mr. Speaker: The hon. member's motion is proposed under the terms of Standing Order 43 and requires unanimous consent. Is there unanimity?

Some hon. Members: Agreed.

Some hon. Members: No.

[Mr. Caouette.]

Mr. Speaker: There is not unanimity. The motion cannot be put.

* * *

• (1430)

FISHERIES

ATLANTIC SALMON—OPERATIONS BY DENMARK—REQUEST FOR UNANIMOUS CONSENT TO MOVE MOTION UNDER S.O. 43

Mr. Jack Marshall (Humber-St. George's-St. Barbe): Mr. Speaker, I too seek unanimous consent under Standing Order 43 on a matter of urgency, namely, the failure at the conference of the International Commission for the Northwest Atlantic Fisheries to agree on the Canadian proposal for an immediate ban on high seas fishing for salmon. Therefore I move, seconded by the hon. member for St. John's East (Mr. McGrath):

That this House urges the government to immediately restrict all fish imports to Canada from Denmark, as a protest toward the Danish refusal to conserve the Canadian spawned North Atlantic salmon, and furthermore, if bilateral negotiations between Denmark and Canada fail to achieve a ban on salmon fishing off Greenland within the next six months, that the government undertake further economic measures against the Danes.

Mr. Speaker: Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

Mr. Speaker: The motion cannot be put.

* * *

DEPARTMENT OF THE SOLICITOR GENERAL BILL

MEASURE RESPECTING CORRECTIONAL SERVICE PROGRAM

On the order: Introduction of Bills.

June 2, 1972—Mr. Howard (Skeena)—Bill intituled: "An Act respecting the Department of the Solicitor General (correctional service program).

Mr. Speaker: The hon. member for Skeena has given notice of his intention to propose this motion. The Chair has had an opportunity to study the hon. member's proposed bill and I have extremely serious reservations about the bill from a procedural standpoint. Generally speaking, it seems to me that the hon. member is clearly attempting by the bill to circumvent the normal supply procedures. If the hon. member thinks he can convince the Chair that this is the kind of bill which should be allowed to be proposed, I will hear him, but after giving the matter serious thought I am sure he will appreciate that this would be a very novel way of considering supply proposals in the House if this bill were submitted for the consideration of the House.

Mr. Howard (Skeena): Mr. Speaker, the purpose of the bill is certainly not to circumvent anything. As presented the purpose would be clearly to deal with a limitation upon otherwise wasteful expenditures on the part of the

government. In light of the fact you have raised a question about the bill, I wonder whether we might let it stand and consider it on another day?

Mr. Speaker: Perhaps the hon. member might want to reflect on the suggestion I have made. I will hear him if he wants to submit a procedural argument tomorrow, and I will make my ruling at that time. For the moment, the bill will not put for first reading.

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

UIC INTERVIEWERS

Question No. 14—**Mr. Marshall:**

1. Are all UIC offices in Canada now manned by skilled, trained interviewers and, if so, how many of these interviewers are allocated to various offices?

2. How is it intended to service remote and isolated areas where unemployed are removed by long distances from UIC offices?

3. Will the trained interviewers be available to counsel the unemployed employables in order to assist them to fit into society?

Hon. Bryce Mackasey (Minister of Manpower and Immigration): 1. All UIC District Offices and Service Centres are manned with Claimant Assistance guidance officers. The number in each office varies from 1 to 12, dependent upon the estimated claim load.

2. It is intended to service remote areas by means of itinerant visits by guidance officers from District Offices and Service Centres. The frequency of these visits will be determined by the number of claimants requesting Claimant Assistance interviews.

3. The Claimant Assistance Program was established to provide assistance to U.I. claimants, however, guidance is made available to individual on a request basis from either Canada Manpower Centre or social welfare agencies.

UIC—WORK INDUSTRY RECORDS

Question No. 16—**Mr. Marshall:**

What records are now to be kept at UIC offices on the work history and educational and training qualifications of the unemployed?

Hon. Bryce Mackasey (Minister of Manpower and Immigration): Information kept by UIC offices on the work history and educational and training qualifications of the unemployed consist of that listed on the "Application for Benefit", and "Employment Status Questionnaire" completed by each claimant when requesting U.I. benefits.

UIC—CONFIDENTIAL INFORMATION ON CLAIMANTS

Question No. 17—**Mr. Marshall:**

Is the confidential information on claimants made available to other branches of the UIC and, if not (a) for what reason (b) in what way may a claimant be assisted if jobs meeting his or her qualifications are available in another city?

Hon. Bryce Mackasey (Minister of Manpower and Immigration): The only confidential information available under the Claimant Assistance Program is that provided to the guidance officers by claimants during CAP interviews. This information is not made available to any other branch of UIC. (a) In order that a realistic appraisal of a claimant's employment and related problems can be made, it is essential that the claimant be put at ease and have the utmost confidence in the guidance officer. To achieve this, he is assured that anything he may say will be held in the strictest confidence within the Claimant Assistance Branch. (b) By referral to a Canada Manpower Centre.

PUBLIC SERVICE SUPERANNUATION ACCOUNT

Question No. 29—**Mr. Knowles (Winnipeg North Centre):**

1. What was the total amount of money in the Public Service Superannuation Account as at (a) March 31, 1969 (b) March 31, 1970 (c) March 31, 1971?

2. What rate of interest has the government paid for the use of this money during the fiscal years ending on the dates noted above?

3. What amount of interest was credited to the Public Service Superannuation Account during the fiscal years ending (a) March 31, 1969 (b) March 31, 1970 (c) March 31, 1971?

4. What was the total amount paid out of the Public Service Superannuation Account during the fiscal years ending (a) March 31, 1969 (b) March 31, 1970 (c) March 31, 1971?

Hon. C. M. Drury (President of the Treasury Board): 1. The amount credited to the Public Service Superannuation Account as of: (a) March 31, 1969, $3,178,376,807; (b) March 31, 1970, $3,695,308,333; (c) March 31, 1971, $4,097,595,197.

2. Interest was paid on this account at the rate of 1.0000 per cent per quarter up until the quarter ending June 30, 1969. T.B. Minute 692055 dated September 25, 1969 amended section 35 of the Public Service Superannuation Regulations, and the actual interest rates subsequent to this date were as follows: Quarter ending September 30, 1969, 1.2416 per cent; quarter ending December 31, 1969, 1.2575 per cent; quarter ending March 31, 1970, 1.2868 per cent; quarter ending June 30, 1970, 1.3174 per cent; quarter ending September 30, 1970, 1.3262 per cent; quarter ending December 31, 1970, 1.3427 per cent; quarter ending March 31, 1971, 1.3597 per cent.

3. The total amount of interest credited to the Public Service Superannuation Account during the fiscal year ending: (a) March 31, 1969, $117,950,358; (b) March 31, 1970, $130,993,152; (c) March 31, 1971, $147,693,942.

4. The total amount paid out of the Public Service Superannuation Fund during the fiscal year ending: (a) March 31, 1969, $86,964,343; (b) March 31, 1970, $95,880,827; (c) March 31, 1971, $107,680,817.

Note: The total annual amounts being credited to the Account which include interest are set to be just sufficient to meet estimated future obligations under the Act.

Questions

MORTGAGE LOAN TO PESTALOZZI COLLEGE

Question No. 45—**Mr. Ryan:**

Is Pestalozzi College meeting its mortgage payments and, if not, by how many payments is it in arrears and what is the total amount of the arrears?

Hon. Ron Basford (Minister of State for Urban Affairs): The date for adjustment of interest on this mortgage was set for May 1, 1972. The first monthly payment will become due and payable on June 1, 1972.

UNEMPLOYMENT INSURANCE—ASSIGNMENT OF BENEFITS

Question No. 187—**Mr. Marshall:**

Has the government requested provincial welfare departments to contact claimants to have them assign their right to unemployment insurance benefits to welfare authorities to grant relief and recovery of these payments and, if so, by what method?

Hon. Bryce Mackasey (Minister of Manpower and Immigration): No. Section 48(2) of the Unemployment Insurance Act, 1971, provides that Unemployment Insurance benefits may be assigned to a province or municipal authority in order to reimburse that province or municipal authority for the amount of welfare payments it makes to a person, which welfare payments would not have been made if the Unemployment Insurance benefits to which he is entitled were then in pay.

A number of provinces are completing assignments as authorized by Section 48(2), and the Unemployment Insurance Commission is presently working with the remaining provinces in developing the procedures that will facilitate the extension of the assignment of benefits to all provinces wishing to participate in the program. However, the government has definitely not requested provincial welfare departments to contact claimants to have them assign their Unemployment Insurance benefits.

CANADIAN WHEAT BOARD—SALARIES OF COMMISSIONERS

Question No. 223—**Mr. Burton:**

What is the salary of the Chief Commissioner and each of the Commissioners of the Canadian Wheat Board?

Hon. Otto E. Lang (Minister of Justice): Chief Commissioner, $37,500-$42,000; Assistant Chief Commissioner and Commissioners, $31,500-$37,500.

TORONTO—REHABILITATION OF EXISTING SUBSTANDARD HOUSING

Question No. 473—**Mr. McCleave:**

Has the government or any agency thereof entered into an agreement with the city of Toronto to provide loans on a sliding scale for the rehabilitation of existing substandard housing in that city and, if so (a) how much was the ceiling of the total of the loans (b) how many loans have been made and what do they total (c) what interest rate is charged on these loans (d) are these loans available to property owners who rent their properties and what restrictions, if any, are placed on the size of rental increases for such improved properties?

[Mr. Drury.]

Hon. Ron Basford (Minister of State for Urban Affairs): Central Mortgage and Housing Corporation has entered into an agreement with the City of Toronto to provide loans on a sliding interest scale for the rehabilitation of existing housing and, where necessary, upgrading them to meet city standards. (a) The aggregate amount for lending under this agreement is $1.5 million. (b) While no loans have been approved as of May 15th, 1972, there are 40 applications in various stages of processing which will likely result in approvals. (c) The interest rate on these loans will be on a sliding scale geared to income, from 0 per cent for incomes under $3,000 per year up to 7 7/8 per cent for incomes of $7,000 a year and over. The cost of the interest subsidy will be shared between the city and CMHC. (d) These loans are available to property owners who rent their properties, providing the owner agrees to maintain the low rental scale of the dwelling and not to raise rents without first proving to the city that increases in such costs as taxes, maintenance and financing make higher rents necessary.

OPERATION LIFT

Question No. 522—**Mr. Mazankowski:**

1. How many applications under Operation Lift were received from producers from each of the three prairie provinces?

2. How many producer applications were approved, and entitled to payment in each of the three prairie provinces?

3. What was the total amount paid to producers in each of the three provinces?

4. Are all applications finalized and funds distributed?

5. How many producer applications received over-payment and what were the major reasons for over-payment?

6. Has legal action been taken to recover these funds and, if so, in how many cases?

7. As of this date, is any amount outstanding as a result of over-payment and, if so, in how many cases and what is the amount?

8. What was the total amount of money distributed under Operation Lift, including administrative operations?

Mr. Marcel Lessard (Parliamentary Secretary to Minister of Agriculture): 1. Number of applications received by provinces: Manitoba, 16,941; Saskatchewan, 64,304; Alberta, 29,457; British Columbia, 755; Total, 111,457.

2. Number of applications: Manitoba, 15,093; Saskatchewan, 60,013; Alberta, 25,228; British Columbia, 704; Total, 101,038.

3. Amount paid: Manitoba, $6,115,350.00; Saskatchewan, $42,106,406.00; Alberta, $14,396,440.00; British Columbia, $574,219.00; Total, $63,192,415.00.

4. No.

5. (i) 4,053 producers. (ii) Major reasons for overpayments: (a) Corrections in acreages reported by producers which were made necessary following aerial surveys and "on the farm" inspections. (b) Many producers who originally seeded cover crops on summerfallow and nurse crops with perennial forage changed their plans and harvested the cover and nurse crops.

6. No legal action has been taken to recover these funds.

7. As at May 5, 1972, 2,497 overpayments totalling $364,-572.80 were still outstanding.

8. Lift Payments, $63,192,415.00; Administrative Costs, $2,211,745.38; Total, $65,404,160.38.

GRASSLAND INCENTIVES PROGRAM—THREE PRAIRIE PROVINCES

Question No. 523—**Mr. Mazankowski:**

1. How many applications have been received from each of the three prairie provinces under the Grassland Incentive Program?

2. How many applications have been approved entitling producers to receive payment under the program, in each of the three prairie provinces?

3. (a) How much has been paid out in each of the three prairie provinces (b) how much is scheduled to be paid on applications received last year?

Hon. Marcel Lessard (Parliamentary Secretary to Minister of Agriculture): 1. Applications received Manitoba, 4,245; Saskatchewan, 7,683; Alberta, 12,738; British Columbia, 620; Total, 25,286.

2. Number of applications approved by provinces: Manitoba, 3,525; Saskatchewan, 6,632; Alberta, 10,885; British Columbia, 497; Total, 21,539.

3. (a) Payments by provinces: Manitoba, $1,273,544.00; Saskatchewan, $2,545,236.00; Alberta, $5,596,661.00; British Columbia, $444,609.00; Total, $9,860,050.00. (b) Estimated $9,860,050, subject to field inspection.

AUSTRALIAN CATTLE IMPORT PERMITS

Question No. 601—**Mr. Downey:**

1. What are the names of those who were awarded import permits for Australian cattle as indicated in a recent press release by the Minister of Agriculture?

2. How many permits, for how many animals did each one receive?

Hon. Marcel Lessard (Parliamentary Secretary to Minister of Agriculture): 1. The names of individuals receiving import permits for livestock are not made public until after the animals have entered Canada.

2. A total of 76 permits were issued for a total of 254 animals.

QUESTIONS PASSED AS ORDERS FOR RETURNS

PUBLIC SERVICE PENSIONS ADJUSTMENT ACT

Question No. 30—**Mr. Knowles (Winnipeg North Centre):**

1. In each year since the Public Service Pension Adjustment Act of 1959 was passed, how many persons have received payments thereunder?

2. In each of the above years, what was the total amount paid out under the said act?

3. In each of the above years, what was the average amount paid under the said act (a) to retired public servants (b) to widows (c) to others?

4. In each of the last five years, either calendar or financial, for which statistics are available, how many pensions under the Public Service Superannuation Act (a) to retired public servants (b) to widows of public servants or widows of retired public servants, have been discontinued because of the death of the superannuate?

Return tabled.

Orders for Returns

CANADA'S MEMBERSHIP IN LATIN AMERICAN ORGANIZATIONS

Question No. 345—**Mr. Robinson:**

1. Of how many Latin American organizations is Canada a member and what are the organizations?

2. What is the annual cost of membership in each of the organizations?

3. What benefits does Canada derive from each of the Latin American organizations to which it belongs?

Return tabled.

LOTBINIÈRE CONSTITUENCY—LOCAL INITIATIVES PROGRAM

Question No. 489—**Mr. Fortin:**

Under the Local Initiatives Program and since its inception, were funds invested by the Department of Manpower and Immigration in the constituency of Lotbinière and, if so (a) what was the total amount (b) what is the complete list of groups who benefited from the program (c) what are the details of the agreements reached in the constituency?

Return tabled.

STUDENT SUMMER EMPLOYMENT

Question No. 564—**Mr. MacDonald (Egmont):**

1. Was a survey conducted by the Department of Manpower and Immigration in 1971, of 20,000 students at 58 Canadian universities and community colleges and, if so (a) what percentage of these found work for 16 weeks, 12 weeks, 8 weeks, 4 weeks, 2 weeks and no work (b) when were the students surveyed, under what circumstances and by whom (c) what were the questions asked?

2. Of the 20,000 students, how many were in their first post-secondary year?

3. How many of these students did not return to post-secondary training?

4. How do these figures compare with those obtained by Statistics Canada?

5. What explanations are there for any major differences in findings for these two surveys?

Return tabled.

ORAL QUESTION PERIOD

INDIAN AFFAIRS

SETTLEMENT OF TREATY CLAIMS AND ABORIGINAL RIGHTS IN RELATION TO POSSIBLE CONSTRUCTION OF NORTHERN PIPELINES

Hon. Robert L. Stanfield (Leader of the Opposition): Mr. Speaker, my question is directed to the Minister of Indian Affairs and Northern Development who has stated that he is not pressing for any early settlement of treaty claims by the native people. He has also said that the government is ready to accept at any time applications for the building of pipelines in the north. Is it his view and that of the government that these two questions are entirely distinct and that the question of treaty claims in the north has no connection at all with permission to build pipelines in the north?

[*Translation*]

Hon. Jean Chrétien (Minister of Indian Affairs and Northern Development): Mr. Speaker, I have already outlined the government's position regarding treaties signed with Northwest Territories Indians. We are aware of our obligations under such treaties and we would like to fulfil them as soon as possible but it would not be quite fair to compel Indians to accept a settlement sooner than they want it. Nevertheless, we must go on with our projects regarding northern development and I think that most Indians are wishing for as much progress as possible and this as soon as possible in the Northwest Territories.

[*English*]

Mr. Stanfield: I take it the minister is saying there is no connection between the two. With regard to the question of aboriginal rights as distinct from treaty rights, the minister has said that these rights are before the courts. Is it the minister's position that there is no connection between these rights and any application for the building of a pipeline through the north? Is this the position he takes at this stage when these rights have not been determined by the courts?

[*Translation*]

Mr. Chrétien: Mr. Speaker, I have nothing to add to what I have already said in the House.

[*English*]

Mr. Stanfield: Mr. Speaker, I should like to ask the minister, in order to remove any doubts in anybody's mind with regard to this matter, whether it is truly the position of the minister that he is prepared to receive applications for pipelines without any effort on his part to settle any questions with regard to aboriginal rights?

[*Translation*]

Mr. Chrétien: Mr. Speaker, it is indeed the government's position. We intend to proceed with the development of the North. Should the Supreme Court give a ruling directly with regard to aboriginal rights, the government would take the situation in hand and decide what ought to be done.

* * *

[*English*]

YOUTH

POSSIBLE PROVISION OF SPECIAL MANPOWER CENTRES TO PROVIDE COUNSELLING AND OTHER SERVICES

Mr. David Lewis (York South): Mr. Speaker, in the absence of the Minister of Manpower and Immigration—I am sure for good reason, although he was scheduled to be here—may I direct a question to the acting minister arising out of a special report concerning young people on welfare issued by the Social Development Council. In view of the evidence in the report that the young people are very much discouraged about the services they receive from the Canada manpower centres, is the minister studying the situation for the purpose of establishing special counselling and other services directed to young people through a network of manpower centres for youth?

[Mr. Stanfield.]

Hon. Martin P. O'Connell (Minister of Labour): Mr. Speaker, I understand that several meetings have been taking place between various departments of the government on questions related to the one asked by the hon. member. I suggest to him that he might wish to direct a question to the Minister of National Health and Welfare.

Mr. Lewis: Mr. Speaker, I will do so with pleasure. The pleasure of addressing a question to the Minister of National Health and Welfare is no greater than that of addressing one to the Minister of Labour. May I ask the Minister of National Health and Welfare whether the question of special centres directed to meeting the needs of young people is being discussed by a committee at the present time and being favourably considered?

Hon. John C. Munro (Minister of National Health and Welfare): Yes, Mr. Speaker. Officials of my department met last week with officials of some of the provinces to discuss this general area, and we are giving the matter serious consideration. I would also like to indicate that the officials discussed with the provincial officials the work activity aspects of the Canada Assistance Plan. The hon. member may be aware that we made the criteria more generous in terms of cost-sharing for projects initiated under the work activity provisions of the Canada Assistance Plan in the hope that more projects could be submitted, and these of course would involve youth. It was the subject matter of the study to which the hon. member referred.

SUGGESTED TRI-LEVEL GOVERNMENT CONFERENCE TO DEVELOP POLICIES TO MEET NEEDS

Mr. David Lewis (York South): May I ask the Minister of National Health and Welfare another question along the same lines arising out of the allegations or evidence in the report—whichever word one may wish to use—that the overwhelming majority of young people on welfare are in need of work, would rather work than be on welfare, and are finding considerable difficulty and considerable humiliation in obtaining welfare. In view of this fact, are the minister or his officials considering initiating a national conference of all three levels of government to develop policies and a more decent attitude toward the young with a view to meeting their needs?

• (1440)

Hon. John C. Munro (Minister of National Health and Welfare): Mr. Speaker, I am glad that the hon. member did point out, because it was not given too much note, that the study declares they do want to work. That bears out our own studies within the department. As to the suggestion of a national conference, Mr. Speaker, we are giving that some study right now, and we may be prepared to talk further about it with the provinces. I might indicate that we have had several discussions with the provinces already on this whole field. I might also indicate that we have set aside a fund to give us a more accurate analysis of exactly those in this country who are on social assistance, and for what reasons. We have set this money aside in order to give us the statistical data to which the study also referred.

Mr. Lewis: Mr. Speaker, I wish to ask one final supplementary on this subject. In view of the fact the overwhelming majority of these young people are anxious to work, and in view of the proportion of unemployed in the age group of 14 to 20 years, may I ask the minister whether the government and the committee, if he can speak for the committee, are considering some ongoing program, following up the Local Initiatives Program and opportunities for youth, of permanent training and actual jobs for the young people?

Mr. Munro: Mr. Speaker, I have not had a chance to study the report in detail. The local initiatives program and the Opportunities for Youth program have gone a long way in this direction. Whether they are to be complemented by something permanent would involve discussions with the provinces. I think a major area for examination here, in terms of a permanent mechanism, is greater accessability by the provinces to the provisions of the Canada Assistance Plan. I have already mentioned one, work activity. I think this could be of considerable help in terms of involving the young.

OPPORTUNITIES FOR YOUTH PROGRAM—EXTENSION TO PROVIDE ADDITIONAL JOBS FOR THOSE BETWEEN AGES OF 16 AND 24

Mr. Jack Marshall (Humber-St. George's-St. Barbe): Mr. Speaker, I wish to direct a supplementary question to the Secretary of State. In view of the fact the report referred to by the hon. member for York South indicates that the population increase of Canadians aged 16 to 24 years outstrips our ability to provide jobs, would the minister indicate what action he is going to take to expand the Opportunities for Youth program to take care of all the needs in the future?

[*Translation*]

Hon. Gérard Pelletier (Secretary of State): Mr. Speaker, the budget relating to this program has been increased twice between last year and this year. The government will have to see if this program should be pursued next summer, but, as I have already told the House, there are other youth employment programs that are not designed for students only. Those programs are now under consideration within the Department of Manpower and Immigration and that of the Secretary of State and will be discussed in due course.

INQUIRY RESPECTING GRANT TO HOSTELS

Mr. Réal Caouette (Témiscamingue): Mr. Speaker, may I ask a supplementary?

With respect to young people who prefer to live as parasites instead of looking for a job and who, as I saw in Regina, presently live in youth hostels, does the government grant any money for their maintenance, be it in Regina or elsewhere in Canada?

Hon. Gérard Pelletier (Secretary of State): Mr. Speaker, the fact is that there exists a certain number of hostels that are set up by private organizations. They are subsidized by the federal government and the Department of the Secretary of State in its summer activities program when they comply with certain criteria.

However, as to the hon. member's reference to young people staying idle in hostels for long periods, I must say that this would not involve a hostel that would be financed by the federal government, because the maximum period that young people are allowed to spend in these is two days.

* * *

[*English*]

SPORTS

ANNOUNCEMENT OF NAMES OF RECIPIENTS OF SPORTS CANADA SCHOLARSHIPS

Mr. Steven E. Paproski (Edmonton Centre): Mr. Speaker, I wish to direct a related question to the Minister of National Health and Welfare. When will the minister be announcing the names of the 500 recipients of Sports Canada Scholarships, in view of the fact that there must be at least 1,000 of the 3,200 applicants still up in the air about what they are going to do this summer?

Hon. John C. Munro (Minister of National Health and Welfare): Mr. Speaker, I believe that in the latter part of last week—I stand to be corrected as to the precise day—letters went out to all the successful applicants for scholarships, together with a press release formally announcing them. The press release may not have gone out until today, but certainly letters were mailed to all the applicants.

Mr. Speaker: The Chair will recognize the hon. member for Greenwood for a last supplementary on this subject, and then the hon. member for Témiscamingue.

* * *

IMMIGRATION

ALLEGED USE OF MISLEADING ADVERTISING TO LURE IMMIGRANTS TO CANADA

Mr. Andrew Brewin (Greenwood): Mr. Speaker, my question, I think, should be addressed to the Parliamentary Secretary to the Minister of Manpower and Immigration. It arises out of the report entitled "Riverdale," which I think is the same report referred to by the hon. member for York South; it is published by the Minister of Labour. Has the government seen the allegation in that report that misleading advertising and an unsuitable and dishonest sales campaign are still being used to lure immigrants to Canada? Would the minister look into this part of the report and take whatever action is required to end this sort of activity?

Mr. Ray Perrault (Parliamentary Secretary to Minister of Manpower and Immigration): Mr. Speaker, we have at the present time no advertising sales campaign abroad as such, nor has there been a campaign of this type for quite some time. A report received by our research branch shows that out of 3,500 immigrants who arrived in 1969 and who were surveyed fairly recently, only 4 per cent of

those who received counselling abroad reported subsequently that this counselling was inadequate in any way. Moreover, two out of three persons in this small group indicated—

Mr. Speaker: Order, please.

Mr. Perrault: I would hope, Mr. Speaker, that we could provide a full and complete answer to the hon. member.

Mr. Speaker: Order, please. I suggest to the hon. member for Greenwood and to the parliamentary secretary that that question really was not supplementary. It might have been related to the first question, but we seem to have drifted away little by little from the original question asked 15 minutes ago. For the moment the Chair will recognize the hon. member for Témiscamingue.

Mr. Perrault: On a question of personal privilege, Mr. Speaker, may I suggest that the hon. member schedule this for ten o'clock because we would like to provide him with the facts.

Some hon. Members: Hear, hear!

Some hon. Members: Oh, oh!

Mr. Speaker: Order, please.

Mr. Lewis: On a point of order, Mr. Speaker, I suggest that the House would be glad to revert to motions so that those facts can be given to us now.

Mr. Speaker: Is there unanimous consent to revert to motions?

Some hon. Members: No.

Mr. Speaker: Apparently there is opposition to the suggestion that we return to motions for the purpose of hearing the parliamentary secretary on this matter. For the moment the Chair recognizes the hon. member for Témiscamingue.

* * *

[*Translation*]

NATIONAL PARKS

POSSIBLE ESTABLISHMENT OF INTERPROVINCIAL PARK IN TÉMISCAMINGUE—REPRESENTATIONS FROM CITIZENS' GROUPS—DISCUSSIONS WITH ONTARIO AND QUEBEC

Mr. Réal Caouette (Témiscamingue): Mr. Speaker, I should like to direct a question to the hon. Minister of Indian Affairs and Northern Development, in charge of national parks.

On many occasions when I asked him questions about the Témiscamingue national park, the minister replied that he was to discuss the matter with the premier of Quebec. Is the minister aware that people are now talking about an interprovincial park that would include the Mattawa area in Ontario and that of Témiscamingue? If so, could he tell us about the progress of the discussions?

[Mr. Perrault.]

Hon. Jean Chrétien (Minister of Indian Affairs and Northern Development): Mr. Speaker, I am aware of the new proposal to the effect that citizens from Ontario would like the park to include areas on both sides of the frontier. We also discussed the matter with the Ontario government but have not received any answer yet.

Mr. Caouette: On a supplementary question, Mr. Speaker.

Did the hon. minister receive representations from the council of Témiscamingue county to the effect that it would be preferable to create a national park in Témiscamingue without any areas from another province?

Mr. Speaker: Order. The question as asked is not in order. The hon. member is asking the minister whether he received representations to that effect.

Mr. Caouette: Mr. Speaker, I will rephrase my question.

As regards that interprovincial park, is there any opposition from the citizens of Témiscamingue? If so, what has the minister told them?

Mr. Chrétien: Citizens on the Quebec side would like the park on their side alone, people from Ontario would also like to have it on their side alone; as a good federalist, I think it might be wise to set it up on both sides.

[*English*]

Mr. Speaker: Order, please. The right hon. member for Prince Albert. May we have order, please. The hon. member for Témiscamingue has a supplementary, after which I will recognize the right hon. gentleman.

• (1450)

[*Translation*]

Mr. Caouette: Has the minister informed the premier of Quebec of his intention to establish an interprovincial park?

Mr. Chrétien: Yes, Mr. Speaker.

* * *

[*English*]

AIR TRANSPORT

HIJACKING—RATIFICATION OF CERTAIN TREATIES—PROVISION OF EFFECTIVE SCREENING OF PASSENGERS

Right Hon. J. G. Diefenbaker (Prince Albert): Mr. Speaker, my questions have to do with the statement made at the beginning of today's sitting by the Secretary of State for External Affairs, particularly with the diabolical events that took place in Tel Aviv and the need for action being taken to control hijackings of airplanes which have reached epidemic proportions. Are discussions now going on between the countries which have airways operating in their respective territories to ratify the treaties entered into in 1963 at Tokyo, in 1970 at The Hague and in 1971 at Montreal? This is a matter that particularly affects the foreign relations of our country and the question is therefore directed to the minister responsible. What is being done in this connection?

Hon. Mitchell Sharp (Secretary of State for External Affairs): Mr. Speaker, the necessary legislation that would give us authority to ratify or, at least authority to carry out the undertakings is now, I understand, before the other place. I hope it will be passed soon. We will then proceed to ratify these agreements.

Mr. Diefenbaker: Am I to understand that ratification will take place following the conclusion of deliberations in the other place?

Mr. Sharp: Yes.

Mr. Diefenbaker: What has been agreed to in discussions with nations connected with the assurance that there will be effective screening of passengers getting on aircraft?

Mr. Sharp: Mr. Speaker, I do not like to encroach on the responsibilities of my colleague, the Minister of Transport, but I have had a detailed discussion of measures under way, and they are very thorough. We are subjecting all passengers going to Tel Aviv, for example, to very special screening and very special inspection. Of course, the problem is greater than one of passengers going in that direction, because at any time some madman may decide to blow up an airport anywhere in the world. We are grappling with this problem, I think, at least as effectively as any other country.

Mr. Diefenbaker: Mr. Speaker, in view of the apparent results, no country is doing very effective work. May I ask the minister whether Canada is installing screening apparatus to prevent persons getting on board aircraft with substances in their possession that can be used for explosion purposes?

Mr. Sharp: Mr. Speaker, as the right hon. gentleman knows, even if very special precautions had been taken before the Japanese who blew up the airport at Tel Aviv boarded the aricraft, those precautions would have been ineffective because the apparatus and the guns were to be found in their baggage and not on their persons. I think that these questions ought to be directed, for more detailed information, to the Minister of Transport who, I think, will be able to satisfy the right hon. gentleman.

Mr. Diefenbaker: Mr. Speaker, the minister took it upon himself in his opening statement to explain the situation. I thought he knew something about the subject and did not need the assistance of another minister. I ask him particularly whether, in Canada, there is full and effective screening of international flights today?

Mr. Sharp: Mr. Speaker, I think those questions ought to be directed to the Minister of Transport. In our cabinet we work co-operatively; perhaps in the right hon. gentleman's cabinet it was not the same.

Some hon. Members: Oh, oh!

Mr. Diefenbaker: Mr. Speaker, I just wanted to learn whether the minister knew anything about the situation of which he spoke.

Mr. Speaker: Order, please.

Inquiries of the Ministry

FLOODS

BRITISH COLUMBIA—INQUIRY AS TO REQUEST BY PROVINCE FOR ASSISTANCE—IMPROVEMENT OF PERMANENT CONTROL FACILITIES

Mr. Bruce Howard (Okanagan Boundary): Mr. Speaker, I have a question for the Minister of the Environment, but in his absence I shall direct it to the Prime Minister. Has the federal government received any request from the province of British Columbia to provide any assistance in connection with the serious flood conditions in the Similkameen, Okanagan and Kamloops areas of British Columbia?

Right Hon. P. E. Trudeau (Prime Minister): No, Mr. Speaker. I received a report on the situation from the Minister of Veterans Affairs and from the hon. member for Kamloops-Cariboo. They were in the area over the weekend. After that report I checked and, to my knowledge at this time, we have not yet received any request from the province of British Columbia.

Mr. Baldwin: The hotline between Victoria and Ottawa is disconnected at present.

Mr. Howard (Okanagan Boundary): Has the government of Canada any plans to join with the province of British Columbia in upgrading permanent flood control facilities in those areas?

Mr. Trudeau: Mr. Speaker, if such a request were made by the province we would certainly give it most serious consideration, as we have in other cases.

* * *

EXTERNAL AFFAIRS

CUTTING OF SEISMIC CABLE AND DAMAGE TO FISHING GEAR BY RUSSIAN VESSELS—REPRESENTATIONS TO SOVIET UNION

Mr. Lloyd R. Crouse (South Shore): Mr. Speaker, I wish to direct my question to the Secretary of State for External Affairs. The crew of a Canadian survey ship, the *J. E. Jonsson*, reports that sophisticated underwater equipment it was hauling was cut after it was crossed over by a Russian fishing vessel off Sable Island, and on the same day the Canadian ship detected a submarine of unknown origin. My question is this: Since a Canadian Armed Forces aircraft was pressed into service to hunt for the $50,000 seismic cable, has the minister registered a complaint with the Russians over this matter? If so, what was the official response?

Hon. Mitchell Sharp (Secretary of State for External Affairs): Mr. Speaker, the answer to the question is no. I have not yet registered a complaint and, indeed, I was unaware of the facts until the hon. gentleman drew them to my attention. I have been away for a few days and perhaps have not caught up with the news.

Mr. Crouse: As Canadian fishermen have complained many times that the Russians have damaged their fishing gear by cutting through it, would the minister request the

Russian fishing fleet to pay greater attention to the rules of the road when fishing on Canada's continental shelf?

Mr. Sharp: Mr. Speaker, we have made representations along those lines to several countries. I think the situation is better than it was and I hope it will continue to improve to an even greater extent.

DAMAGE TO FISHING GEAR BY RUSSIAN VESSELS—CONSIDERATION AT ICNAF CONFERENCE

Mr. James A. McGrath (St. John's East): I have a supplementary question, Mr. Speaker. Inasmuch as after the last series of incidents off the east coast involving Russian ships it was suggested by the Russians to our fisheries inspection people at the time that this matter should be taken up at the next meeting of the International Commission for the Northwest Atlantic Fisheries may I ask the minister if Canada pursued this matter at the recently concluded ICNAF meeting in Washington and if any agreement was arrived at with the Soviet Union on rules of the road in fishing on the Grand Banks?

Hon. Mitchell Sharp (Secretary of State for External Affairs): Mr. Speaker, I will inquire from the members of the delegation and answer that question when I have the information.

PALESTINE LIBERATION FRONT GUERILLA SCHOOL—INQUIRY AS TO TRAINING OF CANADIANS OR CANADIAN RESIDENTS

Hon. Paul Hellyer (Trinity): Mr. Speaker, can the Secretary of State for External Affairs advise the House whether or not there are any Canadians or Canadian residents who have been trained by the Palestinian Liberation Front at the guerilla school in Lebanon, the school where those persons responsible for the terrible tragedy at Tel Aviv airport were trained?

Hon. Mitchell Sharp (Secretary of State for External Affairs): Mr. Speaker, I do not know the answer to that question, and I do not know whether I will be able to get the information because I do not think those people publicize their activities.

Mr. Hellyer: Would the minister inquire of the Royal Canadian Mounted Police and advise the House whether they have any knowledge of Canadians or Canadian residents who were trained in Lebanon in that school?

Mr. Sharp: Mr. Speaker, I hesitate to give that undertaking because it may be that the Royal Canadian Mounted Police will consider that it is not in the public interest nor in the interest of the security of Canada to reveal any information that they possess.

[Mr. Crouse.]

DRUGS

LE DAIN REPORT ON MARIJUANA—INQUIRY AS TO ANNOUNCEMENT OF GOVERNMENT POSITION RESPECTING RECOMMENDATIONS

Mr. Frank Howard (Skeena): Mr. Speaker, my question is directed to the Minister of National Health and Welfare. When does he expect to make an announcement with respect to the report of the Le Dain Commission on marijuana?

Hon. John C. Munro (Minister of National Health and Welfare): Mr. Speaker, I cannot announce a specific time except to advise the hon. member that we are studying the report and rushing the matter as quickly as possible. I hope to be in a position soon to make recommendations to my colleagues in the government. However, I cannot say precisely when that will be.

Mr. Howard (Skeena): Is the minister aware that every day's delay is instrumental in attracting more and more young people to attempt to use marijuana because of the semi-endorsement that was given by the Le Dain Commission when it suggested that use of marijuana be permitted by law and that there is great need to clear up the situation?

Mr. Speaker: Order, please. I suggest that the hon. member has made a representation. The hon. member for Brandon-Souris.

* * *

POST OFFICE

INQUIRY AS TO IMPROVEMENTS IN MAIL DELIVERY IN LIGHT OF PRIVATE SERVICE BETWEEN CALGARY AND EDMONTON

Hon. W. G. Dinsdale (Brandon-Souris): Mr. Speaker, my question is for the Postmaster General and arises from the setting up of the special mail service between Calgary and Edmonton by the province of Alberta with a resultant annual saving of $100,000 compared with the cost of the service formerly provided by the Post Office Department. When will the minister announce to the House the improvements in service that he referred to in his recent speech at Vancouver?

Hon. Jean-Pierre Côté (Postmaster General): Mr. Speaker, following the press release put out by the government of Alberta regarding savings of up to $100,000 a year by using a courier service, we made inquiries and found that our postal service between Edmonton and Calgary is excellent. Assured mail delivery works at 98 per cent efficiency. We have four trucks that travel daily between the two cities. The facts are that the different Alberta government departments were hiring different couriers to transport their mail between the two cities. The government has now decided to reorganize and hire the services of only one courier. Therefore we will not lose any business. It is just a matter of reorganization within the Alberta government.

• (1500)

Mr. Dinsdale: Has the Postmaster General approached the province of Alberta offering improved service to the province between Calgary and Edmonton and, in particular, has he offered the restoration of the six days a week mail delivery service?

Mr. Coté (Longueuil): No, Mr. Speaker, but I know the service provided by the courier is only a four days a week service. Our officials have met with the Alberta government and it is true, it is a four days a week service they now have. My officials met with the Alberta government officials to determine ways in which the Post Office can help them meet their actual and future requirements. The Alberta officials have shown interest in the service we can offer them.

* * *

EXTERNAL AFFAIRS

STATUS OF EXTRADITION AGREEMENT ON AIRCRAFT HIJACKERS BETWEEN CANADA AND CUBA

Mr. Mac T. McCutcheon (Lambton-Kent): Mr. Speaker, I wish to direct my question to the Secretary of State for External Affairs. What progress is being made as far as extradition arrangements between Canada and Cuba are concerned relative to aircraft hijackers?

Hon. Mitchell Sharp (Secretary of State for External Affairs): Mr. Speaker, the negotiations are still under way. It had been our hope that they would be concluded shortly. I will have to find out just what their state is at the moment. I know that an official draft is in the course of negotiation between the two countries.

* * *

AGRICULTURE

CATTLE—REQUEST FOR STATEMENT ON LOSS OF ANIMALS IN TRANSIT LAST WINTER—GOVERNMENT ACTION

Mr. P. V. Noble (Grey-Simcoe): Mr. Speaker, my question is for the Minister of Agriculture. In view of the fact that approximately 1,400 cattle died in transit on the railways from the western provinces to Ontario last fall, has the minister investigated the matter and has he anything to offer by way of a solution to what the cattle breeders describe as a national disgrace?

Hon. H. A. Olson (Minister of Agriculture): Mr. Speaker, we looked into this some weeks ago, in fact, some months ago. It is true that last winter was an unusually difficult winter with regard to the incidence of certain diseases and climatic conditions. We hope we can find a basis on which the shippers, the transportation companies and, indeed, the government regulations can be reconciled to improve the situation in the coming year.

Mr. Noble: Will the minister take the necessary measures to avoid a repetition of these extensive losses of valuable livestock in the approaching shipping season?

Inquiries of the Ministry

Mr. Olson: Mr. Speaker, we are now working on an urgent basis in that regard, but no one can guarantee that we will not have severe weather next winter or that there will not be another outbreak of some of the diseases.

* * *

[*Translation*]

FEDERAL-PROVINCIAL RELATIONS

POWERS OF FEDERAL GOVERNMENT—ALLEGED REPRESENTATIONS FROM QUEBEC MINISTER OF FINANCE

Mr. Adrien Lambert (Bellechasse): Mr. Speaker, I have a question for the Minister of Finance.

In view of the statements of the Quebec Premier that the Canadian government has too much spending power, can the minister indicate to the House whether he has recently received representations to that effect from the Quebec Minister of Finance?

Hon. John N. Turner (Minister of Finance): No, Mr. Speaker.

* * *

[*English*]

NORTHERN AFFAIRS

ONE-CORRIDOR CONCEPT FOR HIGHWAY AND PIPELINES—GOVERNMENT POSITION—APPROVAL OF HIGHWAY ROUTE BY ENERGY BOARD FOR PIPELINES

Hon. Robert L. Stanfield (Leader of the Opposition): Mr. Speaker, my question is for the Minister of Indian Affairs and Northern Development. Do the minister and the government still favour the concept of pipelines and highways through the north using one corridor and that authorizations relating to pipelines will be determined by the National Energy Board?

[*Translation*]

Hon. Jean Chrétien (Minister of Indian Affairs and Northern Development): Naturally, Mr. Speaker.

[*English*]

Mr. Stanfield: In view of the fact the government has decided to proceed post-haste with the construction of a highway through the north, I wish to ask the minister whether the National Energy Board and, in fact, the government, have approved the route as suitable for a pipeline corridor?

[*Translation*]

Mr. Chrétien: Mr. Speaker, with regard to the construction of highways, there is no need to ask the advice of the National Energy Board. The construction of highways in the north is the responsibility of my department, just as the choice of the corridor will be.

As for granting the permit for building the pipeline, the choice of the company or the group that will perform the work will be made by the National Energy Board.

With regard to the northern territories, they are the responsibility of my department.

Inquiries of the Ministry

[*English*]

Mr. Stanfield: Would it be true to say that all the talk about the corridor is mostly gas?

Some hon. Members: Hear, hear!

Mr. Speaker: Order, please.

* * *

POLLUTION

ACTION TO LIMIT CONTAMINATION RESULTING FROM SHIP COLLISION ON ST. CLAIR RIVER

Mr. Jack Cullen (Sarnia-Lambton): Mr. Speaker, my question is for the Minister of Transport, but in his absence I will direct it to his parliamentary secretary. What action is being taken by the Department of Transport to assist the United States Coastguard in limiting pollution of the St. Clair River and shoreline as a result of a collision between two ships early this morning?

[*Translation*]

Mr. Gérard Duquet (Parliamentary Secretary to Minister of Transport): Mr. Speaker, officials of my department are already on the scene of that unfortunate accident to look into the various aspects of the matter. Having occurred in American waters, the accident as such will require an inquiry; there is also the matter of pollution. Those two aspects are now being studied by the people who are on the spot.

[*English*]

Mr. Speaker: Order, please. Perhaps the hon. member might be allowed to ask a supplementary and the Chair will then recognize the hon. member for Comox-Alberni.

Mr. Cullen: Have officials of the United States Coastguard and/or the Department of Transport determined the extent of the threat posed by 40,000 plus gallons of bunker fuel carried by one of the ships?

[*Translation*]

Mr. Duquet: Mr. Speaker, I shall not be in a position to answer that question until we have received the reports of the investigators.

[*English*]

CHERRY POINT OIL SPILL—REPRESENTATIONS TO UNITED STATES RESPECTING POSSIBLE DAMAGE TO CANADIAN PROPERTY

Mr. Thomas S. Barnett (Comox-Alberni): Mr. Speaker, my question is for the Secretary of State for External Affairs. In light of statements the minister has made in this House and elsewhere that he would hold the government of the United States responsible for the results of any oil spills in the transport of oil on the Pacific coast, has the minister received any report of a spill of oil from a tanker at Cherry Point, Washington, moving toward or into Canadian waters and, if so, has he taken this matter up with the appropriate authorities of the United States government?

[Mr. Chrétien.]

Hon. Mitchell Sharp (Secretary of State for External Affairs): No, Mr. Speaker. I have not heard this report. I will look into the matter and see whether we have a case to take up with the United States.

* * *

ADMINISTRATION OF JUSTICE

CONSTITUTIONALITY OF SASKATCHEWAN BILL RESPECTING OWNERSHIP OF FARM LAND

Right Hon. J. G. Diefenbaker (Prince Albert): Mr. Speaker, I wish to direct my question to the Minister of Justice. It has to do with the unCanadian, if not unconstitutional, course of action being taken by the government of Saskatchewan under what is called the foreign ownership of land bill whereby Canadians outside the province of Saskatchewan are denied the right to inherit or own land in Saskatchewan. The government of that province is now receiving representations in this connection. Has the government of Canada communicated with the government of Saskatchewan and pointed out the danger of legislation that denies Canadians equality in the holding of land?

Hon. Otto E. Lang (Minister of Justice): Mr. Speaker, the government has not formally communicated its view to the government of Saskatchewan at this point in time, but I think the government of Saskatchewan knows this government's views.

Mr. Diefenbaker: Mr. Speaker, I doubt whether that government is composed of mindreaders. Instead of relying on them having that capacity, will the minister inform that government that this kind of legislation is a denial of Canadianism?

Mr. Speaker: Order, please. The hon. member for Edmonton Centre.

• (1510)

Mr. Diefenbaker: Mr. Speaker, I rise on a point of order. I am trying to get an answer to a very simple question, but the minister, who is usually vociferous in his answers, seems to be disregarding a situation which is causing deep unrest in Saskatchewan.

Mr. Speaker: I have to suggest to both the right hon. member for Prince Albert and the minister that the supplementary was rather in the form of a representation.

* * *

IMMIGRATION

EXTENSION OF VISITOR'S STATUS OF HOWARD HUGHES FOR ONE YEAR—REQUEST FOR STATEMENT

Mr. Steven E. Paproski (Edmonton Centre): Mr. Speaker, I had a question for the Minister of Manpower and Immigration, but since he is not here may I direct it to his vociferous parliamentary secretary. In view of the fact

Howard Hughes has been given a further ministerial stay, allowing him to extend his visit to Canada, and in view of the fact that a member of the Department of Immigration has personally looked after this procedure, would the parliamentary secretary advise the House, the country and the world whether "H.H." is alive and well?

Mr. Ray Perrault (Parliamentary Secretary to Minister of Manpower and Immigration): I am glad to rise and reassure the hon. member. On Friday last Mr. Howard Hughes was granted a one-year extension of his non-immigrant status. He is reported as being indisposed—

Mr. Speaker: Order, please. That question could very well have been placed on the order paper, or it might be considered at the time of adjournment.

* * *

NATIONAL PARKS

NOVA SCOTIA EASTERN SHORE AREA—CONSULTATION WITH PROVINCIAL GOVERNMENT AND OTHERS ON PROPOSED BOUNDARIES

Mr. Elmer M. MacKay (Central Nova): Mr. Speaker, I have a question for the Minister of Indian Affairs and Northern Development. Can the minister say whether there will be any further consultation between his department, the Nova Scotia government and interested persons in the area with respect to the boundaries of the proposed national park in the eastern shore area of Nova Scotia?

[*Translation*]

Hon. Jean Chrétien (Minister of Indian Affairs and Northern Development): Mr. Speaker, we are discussing that problem with the Nova Scotia authorities. I have myself discussed that project last week with Premier Regan and we think that we have reached an understanding which will be acceptable to all those concerned.

* * *

[*English*]

LABOUR RELATIONS

QUEBEC—LONGSHOREMEN'S STRIKE—STATUS OF NEGOTIATIONS—GOVERNMENT ACTION

Mr. John L. Skoberg (Moose Jaw): Mr. Speaker, my question is addressed to the Minister of Labour. Having regard to the alleged wildcat strike of longshoremen in Montreal, Trois-Rivières and Quebec City and the lockout on May 30 by the Maritime Employers' Association, can the minister tell us whether his department has made any headway in settling this dispute and, if not, what action does he contemplate taking?

Hon. Martin P. O'Connell (Minister of Labour): This morning I sent a telegram to the president of the longshoremen's union and to the president of the Maritime Employers' Association requesting them to reply today as to their willingness to submit the differences between them to arbitration, which is the procedure provided for in the Canada Labour Code as well as in their own collective agreement.

Inquiries of the Ministry

MANPOWER

LOCAL INITIATIVES PROGRAM—RESPONSE TO REQUESTS FOR ADDITIONAL FUNDS AND EXTENSION OF TIME FOR COMPLETION OF PROJECTS

Mr. Jack Marshall (Humber-St. George's-St. Barbe): Mr. Speaker, my question is addressed to the Parliamentary Secretary to the Minister of Manpower and Immigration. Since many local initiative projects are being stultified by lack of funds, can the hon. gentleman say what action the government intends to take in response to the many requests which have been made for the allocation of additional funds and the extension of the time within which projects can be completed?

Some hon. Members: Ten o'clock.

Mr. Ray Perrault (Parliamentary Secretary to Minister of Manpower and Immigration): Mr. Speaker, I should like to assure the hon. member from Newfoundland that 11 extensions have been granted in his own province alone with a total value of $217,928. This is encouraging progress. We shall be pleased to provide him with additional information.

* * *

GRAIN

EFFECT OF LONGSHOREMEN'S STRIKE ON SHIPMENTS FROM MONTREAL—POSSIBLE ALTERNATIVE SHIPPING FACILITIES

Mr. Gordon Ritchie (Dauphin): Mr. Speaker, I have a question for the minister in charge of the Wheat Board. Can he inform the House whether grain shipments out of Montreal have been suspended or curtailed because of recent labour difficulties there? Can he also say whether alternative shipping facilities are available should the work stoppage be prolonged?

Hon. Otto E. Lang (Minister of Justice): Some individual shipments were certainly delayed. There are, of course, alternative loading facilities available throughout the east and these are being used to continue the very rapid movement of grain.

* * *

TRANSPORT

CANADIAN TRANSPORT COMMISSION—REQUEST FOR REVIEW OF FUNCTIONS AND RESPONSIBILITIES TO DETERMINE IF BEING FULFILLED

Mr. Charles H. Thomas (Moncton): Mr. Speaker, my question is for the Prime Minister. In view of the widespread concern about reduced rail passenger services, escalating rail and truck freight rates and dissatisfaction with air carrier services, is the government considering a review of the responsibilities and powers of the Canadian Transport Commission to determine whether this body is performing the functions envisaged for it by Parliament when the National Transportation Act was passed?

Some hon. Members: Hear, hear!

Foreign Takeovers Review Act

Right Hon. P. E. Trudeau (Prime Minister): I cannot point to any specific review being carried out at this time with the intent the hon. member has mentioned, but all governmental bodies and agencies are, of course, under constant survey by the government to make sure that they act within the terms of the relevant statutes.

Mr. Speaker: Order, please. We have gone beyond the time allotted to the question period. If there are supplementaries on this matter, so wide in its connotations, they could be put tomorrow. I think no serious harm would be done by the delay. The Chair will recognize the hon. member for Battleford-Kindersley who has been trying to ask a question during the whole of the question period.

* * *

NORTHERN AFFAIRS

PROPOSED MACKENZIE VALLEY PIPELINE AND HIGHWAY—PLANS TO TRAIN NATIVE PEOPLE FOR JOBS

Mr. Rod Thomson (Battleford-Kindersley): Mr. Speaker, my question is for the Minister of Indian Affairs and Northern Development. In view of the possible construction of a Mackenzie highway as envisaged by the Prime Minister, and the large number of skilled workmen which would be required on such a project, and similar projects such as the proposed Mackenzie Valley pipeline, may I ask whether the minister has any definite plans to train native people so that they can find employment in connection with these undertakings?

Mr. Speaker: Order, please. I would think this question is so general in nature that the minister should indicate whether he wishes to make a statement on motions. He should not make the statement at this time.

[*Translation*]

Hon. Jean Chrétien (Minister of Indian Affairs and Northern Development): My answer is yes, Mr. Speaker.

• (1520)

[*English*]

GOVERNMENT ORDERS

FOREIGN TAKEOVERS REVIEW ACT

MEASURE TO PROVIDE FOR CONTROL OF FOREIGN OWNERSHIP OF CANADIAN COMPANIES

The House resumed, from Wednesday, May 31, consideration of the motion of Mr. Pepin that Bill C-201, to provide for the review and assessment of acquisitions of control of Canadian business enterprises by certain persons, be read the second time and referred to the Standing Committee on Finance and Economic Affairs.

Hon. Eric Kierans (Duvernay): Mr. Speaker, I am glad to have the opportunity to say a few words in this debate on Bill C-201.

[Mr. Thomas (Moncton).]

I might start off on an informal note by relating an experience I had three weeks ago today at New York University when I was one of a group of 25 economists discussing the rising tide of nationalism throughout the world and the growing opposition to the activities and expansion of multinational corporations. I think we saw some of the results of this opposition in two countries just last week in the shape of expropriations and takeovers in Syria and Iraq. Included in the group were senior representatives of two of the largest multinational corporations, IBM and Standard Oil of New Jersey, neither of whom had found anything in our legislation to disturb them. They said we had adopted in Canada a very moderate and liberal policy which did, indeed, surprise them. But what surprised me most was that many economists there, Japanese, European, Latin American and Indian, did not really want to discuss the Canadian case. The Canadian case, to most of them, was not one which would provide them with indications of what they themselves could do by way of policy to prevent the growth of foreign investment on such a scale in their own countries. To them, the experience in Canada, where United States manufacturing and resource development activities have taken over to such an enormous extent, is, indeed, a horrible example, but what they were really concerned about finding was some hint of a policy which might prevent such a situation ever arising in their own countries. In other words, we are a special case.

I might say I agree with those who have expressed the view that the bill before us does nothing, really, to come to grips with the overwhelming problem which faces Canada. The reason for this, to a large extent, is that it attempts to provide solutions to a general, or national problem, by the taking of ad hoc decisions. In other words, each particular takeover is to be examined on its own merits, and if it is found to be in the general Canadian interest it will be approved, otherwise it will not be approved. But I submit to Your Honour that there is no takeover which could not, in a sense, be proven to be an advantage in particular situations. However, this is not where the problem lies. It matters not in whose riding this takes place. On examining a takeover, one looks at the reasons for the takeover. Let us say one finds on the side of the seller, or the Canadian, that he is a man who has grown old and tired, having developed his business. There is no continuity of management. He is responsible for an operation that employs 50 or 160 people, but his sons are not interested in entering the business. Therefore, he has to look around for management.

If it is not accepted that there should be this kind of takeover or sale of assets, then this whole enterprise is going to place in jeopardy the livelihood, the salaries and wages, of the existing employees of the firm. I do not think there is any member of this House who, if he were to act on behalf of such a buyer, could fail to prove that the buyer of such an enterprise could provide more research and development, as well as more capital, than existing entrepreneurs. By providing more employment and more products, he could prove that that particular takeover would be in the interests of that particular locality or region. As I say, that is not the problem that is facing Canada. Our problem is related to what I suppose could be called, not only in the discipline of economics but in

other disciplines as well, the fallacy of composition. In other words, you cannot extend from the examination of a particular case a generalization to arrive at a general or national policy.

Let me give the House a simple example. A wheat farmer in the west could decide of his own accord to double the acreage he sows, in which case obviously he would reap tremendous advantages. On the other hand, if all wheat farmers in the west decided at the same time to double their acreage, the disadvantages, the catastrophes and the chaos could be monumental to the industry as a whole. This is what we face in this particular situation. It is not merely a given takeover that is at stake here, but rather the volume and amount of the takeovers that are taking place and indeed are a fact of life in this country that we call Canada.

Let me give the House another example. None of the problems that the United States has had with its balance of payments recently can be attributed to the developing nations. Indeed, the developing nations of this world have helped and saved the United States from having a very much worse balance of payments problem. In each of the last three years the United States drained from its operations in the developing nations in the world more than $4 billion a year. Approximately one-third of this $4 billion was accounted for in an export surplus that the United States had with the developing nations. The other two-thirds was the return on capital, royalty fees, research fees, management fees, and profits pulled out of the developing nations and back into the United States.

Again let me give an example. In the year 1971 United States oil companies invested in Libya $1.8 billion. The profits of those companies amounted approximately to $1.6 billion. What they withdrew was $1.5 billion.

In the over-all structure of relations between the United States and the developing countries, the following summary can be made. Their balance of payments improved initially on merchandise trade and current account by $4 billion. But obviously, the developing countries needed the money to pay for the deficit in their current account so there had to be a capital outflow. What was the composition of that capital outflow from the United States to the developing nations? The United States—and we are just as guilty of this sort of thing—declare that they want to help the developing nations of the world in their current accounts, and they pull out $4 billion. Then, these nations say that somehow this has to be equalized because they have to pay their bills. Therefore the United States replies that it will give them grants in aid totalling approximately half that amount, which is $2 billion. We all know that these grants in aid are tied. What is exported is really equipment and also technology, though technology that is suitable in the United States may not necessarily be suitable in each of the recipient underdeveloped nations. The other $2 billion, to equalize accounts from the point of view of the developing nations of the world, is an increasing outflow of private investment from the United States.

Now, Mr. Speaker, what does this investment do? It can only do one thing: it searches out the ownership of, and title and proprietary rights to, even more resources than the United States already has in each developing country. As a result, the problem accelerates. We can all see that there is a political limit to this which will very shortly be reached in most countries and has already been reached in others—long ago in Cuba, and now in Chile, Peru and the Middle East. So I say that the problem for Canada is not that we should be worrying about a particular takeover, but rather the whole problem of the amount of takeovers and the amount of foreign investment that we have permitted in this country, indeed, that we have encouraged and are still encouraging.

The fallacy of composition is, perhaps, a simple error in logic. Sometimes it can be called sophistry and sometimes deception, though certainly there is no implication of deception here or intention to delude people. However, the problem cannot be solved on this basis. What it demands is an over-all attack on the entire problem of just what Canada's economic objectives are, and how we can best attain them. It is also an examination of the results of a continuation down this particular road and whether it is going to lead us, as indeed it already has to a very great extent, to the position where we can only pay our deficit on merchandise trade and capital account by selling off more and more of our own property. As I say, there is a limit, and in the case of Canada I am sure we will be smart enough to reverse this pattern, even though for most other countries it would already have been well past the point of return.

I ask, is there a policy that we can develop, an over-all policy rather than a policy directed to the examination of a particular merger or takeover between two particular firms? I say that there is such a policy, an over-all policy that demands the integration of all our policies. It demands the integration of our fiscal policy, our monetary policy, our commercial trade policy, our exchange rate policy. We should find this policy and seek the solution to reversing this kind of trend, though not without putting some burdens, stresses and strains on the economy.

I do not think anyone can rightfully claim that this bill comes even close to approaching the real problem. It comes close to discouraging new foreign investment, but it does not discourage new investment of its own accord. Any firm not presently in Canada can invest, which is what the United States wanted to be made quite clear. They said it was fine, that they would not have to buy anyone out, but that they could start up all the subsidiaries they wanted. In fact, the United States goes even further and, by giving all sorts of grants, encourages companies to enter Canada and provide further competition to a manufacturing industry that is already far too heavily concentrated.

With regard to existing investment in Canada, we have already taken other measures to permit expansion at a faster rate than hitherto. There is already more than sufficient foreign investment here in Canada for them in their own innerdynamic way to progress far more rapidly than the gross national product does. In other words, by the proportion by which they do expand more rapidly than the economy as a whole expands, they will acquire increasing control. Some of these measures have even been sanctified in the most recent budget in the granting of two-year writeoffs to firms. The firms who are getting the best of such a thing are the large firms.

• (1530)

In the population of firms in Canada we may say we control 50 per cent of manufacturing, but the 50 per cent we control are the small and medium-size firms. The 50 per cent controlled largely by foreign capital are part of the largest sector, and these are the firms that can invest $10 million or $20 million and can writeoff such expenditures from capital equipment rather than the profits they make on the Canadian consumer market. In other words, we are digging the pit deeper and nothing in this legislation is in any way going to reverse that.

What we have to come to grips with, and this was quite clear at New York University, is the fact that there are a great many people in this world, including those in Japan and the Common Market, and obviously in the United States, who are convinced that the only way in which a nation can obtain growth is by the use and encouragement of multi-national corporations. They recognize there is growing resentment around the world to activities of such giants. Who do they blame? They blame the people who feel insecure and disturbed because of this.

We hear from distinguished economists such as Charles P. Kindleberger of MIT who says:

> International firms stimulate the development of international policies. They leave less room for the independent, idiosyncratic, law-unto-itself national state.

That is what this House is all about.

Raymond Vernon, the distinguished Harvard professor, states:

> The basic asymmetry between multinational enterprises and national governments may be tolerable up to a point, but beyond that point there is a need to re-establish balance through accountability to a governing body multinational in scope.

This is what this bill talks about, multinational enterprise being a firm which operates in one country and wants to cross over into your country. Here we have a law for corporations that permits such institutions to live in perpetuity. No one of us here is immortal, and even this institution reviews itself, perhaps for the better, every four years. Every institution we can think of is accountable in some way to somebody except that institution called a corporation, and because a corporation has conquered time, the institution of corporation now wants to conquer space. It wants to be able to go anywhere. It is a kind of pantheism. When it tries to go forward it runs up against a resistance of bodies exactly of the kind we have here in this House today.

Let me get a little closer to the problem. George Ball, a name we know well, in an article referring to the importance of being stateless, that is an international corporation being stateless and subject to nobody, not even its own government, says:

> An international companies' act, as I see it, has intrinsic merits. It offers the best means I can think of to preserve the great potential of the world corporation for expanding.

What is he trying to say here? I suggest he is referring to an attempt to create a supranational authority, with a charter that would be granted by the United Nations, which would be above the activities of the different national assemblies across the world. This search for a supranational state is a logical development we are presently going through. This is an attempt to place what we could call a cosmocorp, whether it is a multi-flag, multi-branch, multiinternational or multinational authority, beyond the reach of politics, making it above politics, or making it apolitical.

I will admit that corporate planners may be able to do things better. There is no doubt that they have accumulated in their hands greater resources; capital, technology and even management skills, and they can apply this to given operations, but they cannot decide for a people how their nation's resources should be allocated. That is what a House like this is all about. It is politics that defines what the inhabitants of a state think are the problems that should be solved rather than the multinational corporations, no matter what their claims are to a superior technical nature.

I agree with a free flow of international capital. As an economist I agree with this just as I agree with free trade of goods and products. What is also being advocated today with the free flow of international capital is the idea of a free flow of ownership and property rights. This is a completely different thing.

The United States was built on a free flow of international capital, mainly from the United Kingdom, but there were no property rights involved. This capital was in the form of loans, debentures and bonds to enable the United States to get going, but the ownership, control and equity in the future growth of the United States remained in American hands. This is the kind of consideration we have to give to an over-all strategy in order to come to grips with the problems facing this country.

I have my grave doubts, too, about a great deal of the claims made for this sort of institution. The bulk of investment funds does not come from capital markets, it comes from the consumer; the dollar that you and I pay for whatever product we buy. Some 80 per cent of new capital expenditures are financed by profits retained out of that dollar bill. They are financed by depreciation allowances, accelerated investment allowances, double depreciation and depletion in the case of mineral resources. These are the things that enable corporations to accumulate the money they invest tomorrow.

The actual investment of these funds is determined not so much by what the consumer wants or what the consumer needs, it is determined more with an accent on the growth that the corporation direction wants or for which it is searching. These are the funds that count. It is not the salaries and wages corporations pay in a certain locality or riding that are important. They are important in a limited way, and deadly important to the people who are employed, but the people who are so employed could also be employed by a wise and expansionary government policy doing things that are perhaps more satisfactory to the consumer. The money that is paid the employee is not nearly as important as the money that is retained. These are charges against the dollar for distribution, for royalty fees, for management fees and for research and development, all paid for by the consumer. The profits are made and used to reinvest for research and development, technology, plants and equipment for tomorrow. If you cede this for the whole future direction you give up not only ownership rights to your economy today, you give up

ownership rights and the right to direct your economy for all time.

• (1540)

There is undeniably a tremendous hostility because of the very magnitude of the problem. It will accelerate during the next three, four or five years because at the present time what is worrying the multinational corporations of the world and the three big trading blocs is that an overwhelming proportion of these are owned and controlled in the United States. The Japanese have the funds and the will to acquire their share. They will go searching out. The Europeans will need their share. In this flow of buying out the resources and markets of the world, there will inevitably be a counter reaction of tremendous hostility and resentment. I only hope that when this resentment comes we will have the grace to say it was our fault, mea culpa, mea culpa, mea maxima culpa, and that when finally it becomes a political realization we will say it is something we ourselves should have and could have foreseen and can hardly blame the dependent nations for engaging in it.

I do not want to go any further into the operations of the multinational corporations. I suspect greatly that the claims that are made about the benefits of their technology to countries such as Canada are exaggerated and that if we had a positive economic policy of our own we could easily equal the so-called advantages and expand well beyond them because it is not technical efficiency which counts. It is the relationship of the efficiency to the supply and factors of production of the economy of a country such as Canada. If we rely on the promises of technology we must remember that our problems are much more. The promises of technology really demand tremendous capital and capital is not in surplus in Canada. Normally when you make an economic decision you make it to use to the utmost the factors that are in surplus, as in our case labour and employment, and to husband your resources in the area of capital. You can have a perfectly rational technology and efficiency which on purely technical grounds seems to be superior. If it employs more of the factor that is absent in the economy and less of the factor that is plentiful in the economy then it is not a rational economic decision.

They sell production techniques, but these techniques which they export to Canada and across the world are the production techniques they developed for their own domestic market. That they could be equally suitable to countries all over the world is somewhat doubtful. There is no reason to believe they are. In fact, the introduction of technologies that are superior to the state of the art in many countries creates great strains and stresses which have a distinct impact on the social, cultural and political fabric of each of these countries. As I have suggested we need an over-all attack on the problem. Because the problem is so serious, and so large a part of the population of this country is aware of it and has as they say a gut feeling that something is wrong, I think we need the co-operation perhaps of all parties in developing it. I must simply say that I do not expect that kind of policy to come from what we euphemistically call an establishment here in Canada. I do not expect it. I do not blame the cabinet for this kind of a bill. It is the kind of bill which could be promoted only by the people who are here in the civil service.

You know, Galbraith yesterday talked about the structure in the United States and the symbiosis, as he said, of bureaucrats and the great corporations and the social establishment. Symbiosis I suspect is a good word for shacking up or living together. We have the same situation here. It is understandable. You do not find many deputy ministers talking individually with farmers or small businessmen who have gone bankrupt, had tax problems and perhaps had something to say about the kind of policies which led to this. Or you do not find them talking to small entrepreneurs who are successful. The conjunction here, the meeting of the minds here in Ottawa, is between the bureaucrats in the large corporations and in our very large federal departments. It is understandable. They belong to the same jet set. I do not mean the watering holes of the world but rather the same international conferences in the Genevas, the Tokyos, the Parises or the Washingtons. They meet on the same plane and attend these same conferences and meetings.

As I say, they do not see any representative of the real guts or the vast majority of the people who make this economy go. The president and the vice-president of a corporation and a deputy minister have roughly the same standards of living and the same salaries. They have roughly the same size of organization and the same number of employees. They have a billion dollar budget in each case and perhaps more in some cases, but the relationships and comparisons are reasonably of the same order. They have the same motivation. Their 22,000 employees they would like to see grow to 25,000 tomorrow. That would be a significant indication of their importance. Applied to the private sector they are judged now not by the old classic definition of how well they can handle the assets entrusted to them or the profits made but more on the growth of their assets and the growth of the number of employees. This largely applies to departments. They have the same kind of motivation. They also have the same kind of utter confidence in themselves that they know what is good for people. So you find them not really considering the problems of small business or service industries today but how can they goose the economy with some physical leap forward into technology.

Technology for what? To produce things people do not want. It may be the moon, supersonic aircraft or technology to provide services the people do not want. They have the same priorities for destroyers, CF-5's or hydrofoils. Now, the current one going on is that somehow there is a technology of STOL aircraft which might place Canada in the forefront. The large corporations and bureaucrats get their heads together and talk about sums of $200 million to invest in this project. I do not know why people want to go from Montreal to Ottawa in 48 minutes instead of two hours. I do not see how many people, less than one per cent of the population, would ever take advantage of such a service. However, I can see how the people of Canada would pay out $200 million to provide such things as more clothes, better houses, transportation, food, and the things we need in so many areas of our population.

• (1550)

But I think the greatest bond of sympathy that I can find between the two groups, a bond of sympathy that does not and cannot exist between the average Canadian entrepreneur or farmer and a civil servant, is that they are not operating with their own money. The ordinary farmer and the middle sized manufacturer is operating with his own money, and right off the bat there is a distinction between him and the civil servant. But there is no distinction between the civil servant at the highest level and the bureaucrat of a large corporation; neither of them is making these decisions for our benefit and neither of them is handling his own money. The vice president of a multinational corporation or his board of directors are not operating with their own funds; they are operating with the funds of the shareholders about whom they could not care less because what they are maximizing is their own expansion, growth, prestige and status, and all that they want to do is to give as little to the people who actually own the company as they possibly can to keep them satisfied. Nor is the civil servant operating with his own money. He is operating with the taxpayers' money. So all of his dreams and visions will not cost him a nickel. There is lots more where that came from.

This kind of bill came out of that kind of environment. It did not come from the cabinet or from the members of the caucus who have a political sensitivity to the problem as it actually is and to the depth, width and breadth of the solutions that are actually needed.

I am sorry to say that I would vote for the bill because it is a small step forward, and something is better than nothing, but I will vote for it on that basis only. But after a long period of gestation, far more than the normal nine months, I would like to say that if this is all that the government can bring forward as a response to the kind of problems and to the depth of the problems that foreign ownership represents for the Canadian people, the government would have been better off not to have brought it forward at all.

Mr. Max Saltsman (Waterloo): Mr. Speaker, it is always a great pleasure to follow the hon. member for Duvernay (Mr. Kierans). Just before I came into the House the usual conversation took place behind the curtains when some government members, in an attempt to find out how long the debate was likely to last, asked me, "How many speakers do you have?" I said that we had three speakers, four if you count Eric Kierans. I am delighted with the position that the hon. member for Duvernay has taken because in some ways he reflects what has happened to a lot of us. I can remember the time when the hon. member for Duvernay was less concerned about the flow of foreign currency, and in some cases took very strong exception to extreme nationalist tendencies. This has also been the case so far as I am concerned on a number of matters.

We are being pressured at the moment to get this bill through the House. The government obviously wants it as some kind of a showpiece. Why they would think it a showpiece is beyond me, but they seem to feel that it is of some benefit to them to get this measure through. I presume that in their view it is of some benefit to the country to get the bill through. There is some suggestion that the Finance Committee deal with this bill rapidly and bring it back to the House in time to have it passed by the end of June. I think it would be a terrible mistake to rush this bill through the committee and through the House, since it is of so little value. By getting the bill through we may be doing ourselves a terrible disservice in the sense that we will be undercutting the kind of sentiment which exists in Canada to really do something significant about the matter of foreign ownership.

A number of Liberal party supporters are obviously feeling embarrassed about the position in which they find themselves. I am thinking, for instance, of the hon. member for St. Paul's (Mr. Wahn) and the Liberal members who signed the telegram of the Committee for an Independent Canada. They obviously do not see much value in this bill, yet at the same time they are saying it is better than nothing. Even if it is only a small step forward, they feel the bill should go through. I would like to suggest to you that it is not better than nothing, it is worse than nothing simply because it is an attempt to diffuse this whole issue of foreign ownership in Canada with a bill that will not accomplish anything at all.

If we are going to deal only with the question of takeovers, we must ask ourselves what the urgency is. First of all, there is not a great deal left to take over if we start from that premise, and second, since the takeover aspect represents a relatively small proportion of the increases in foreign ownership year by year, I do not see that the Department of Industry, Trade and Commerce, which is going to have the responsibility for screening the foreign takeovers, will turn anyone down in view of the criteria which have been established. I doubt whether any takeover of any industry in Canada could not be made to fit inside the boundaries of those criteria. In fact, if this bill were legislation today, there would be very little difference in the rate of takeovers that would occur in Canada.

So what is the urgency in passing this bill? If we take a look at the key sectors, we find that most of them, such as newspapers, television, banks, transportation, uranium, power and pipelines are now controlled. There can be no takeovers in these areas without the government's approval. On occasions, when there was an uproar and sufficient concern in the country, the government has stepped in without legislation. They did this in the case of Home Oil, in the case of uranium, in the case of Denison, and in the case of the Mercantile Bank. There was no legislation for the government to use. Where was their authority? Apparently they must have had some authority, unless they were acting illegally, because they moved in and definitely stopped foreign takeovers.

The truth of the matter is that the government now possesses all the power that is required to prevent takeovers in Canada if they chose to exercise that power, but in most cases they simply do not choose to exercise it. What we are being asked to do is take the government off the hook and establish criteria which are so wide that virtually any takeover can be accommodated within the criteria. Then, the government can say that the government has passed legislation and everybody fits the criteria. This reminds me of their good behaviour pamphlet which they sent around to foreign owners of industry, telling them that they should be good boys. I have heard

minister after minister rise and say that there was nothing to worry about because they had all agreed to the good behaviour guidelines that we laid down. Of course, this good behaviour did the government a lot of good. These companies applied for DISC and did not even bother to tell the government what they were doing. I suspect that this takeover legislation will serve as nothing more than camouflage to get the government off the hook about doing something about foreign ownership. Frankly, I would prefer to have no legislation at all, rather than this timid, insipid legislation that will do no good. I would prefer to keep the government on the hook, to keep them under pressure and to keep them responsive to the Canadian people. A great deal more would be accomplished in this way.

Everyone faces a dilemma with regard to the foreign ownership issue. People in my party face a dilemma. I do not suggest for a moment that there is total agreement within my party as to how we should proceed and how far we should proceed. There are differences. But there is one thing on which my party is united. There are no more facetious comments, as there have been in the past from the other side of the House, about the waffle movement and about what we are doing with regard to this. There is one thing on which we are all united. All of us are determined that this country is going to remain independent. While we may not all agree on the exact techniques to accomplish these things—that is an on-going debate—in this party, unlike the other parties, there is an absolute determination to do something about foreign ownership and Canadian independence. I cannot say that about the Liberal and Conservative parties.

• (1600)

There is a kind of tragic dilemma that faces many Liberals. I am sure that all of us in this House come to know each other, regardless of the parties to which we belong, and we develop a fair amount of respect for each other despite our political differences. Mr. Speaker, it is tragic to see what is happening to the good Liberals, to those who want to be Canadian nationalists. They want to stay inside the Liberal party. They think that by staying in the party they can exert pressure from within, that they can change the party's course on foreign ownership and strike a blow for Canadian nationalists. But the fact is that all those well intentioned Liberals have failed.

I do not want to talk about my friends in the Conservative party. When it comes to the question of foreign ownership the differences in that party are so deep that nothing seems to emerge upon which we can comment.

Mr. Dinsdale: Worry about your own differences.

Mr. Saltsman: I have explained our differences, and I have been frank about them. You should be frank about your differences in the Conservative party.

Here I can think of my friends in the Committee for an Independent Canada, who sent a telegram to all of us asking us to support a position on Canadian independence, and to take a strong position on foreign ownership. I think of their desperate attempts to justify their political affiliations, at least those who are not in the New Democratic Party, and to reconcile them with their sense of Canadian independence and their concern about the future. I think of candidates like Mel Hurtig and other fine people, trying to walk the line, saying, "We can do it within the Liberal party." The question is: can they? I don't think they can. Here I also think of newspapers like the Toronto *Star*. No one can say the Toronto *Star* has not fought as hard as a newspaper can for Canadian independence. But still it supports the Liberal party. When it comes to a question of the fortunes of the Liberal party they forget about Canadian nationalists. Other issues become more important to them. All of their prestige, and all of the words of the best editorial writers they can command then say, "It's again time to vote Liberal."

I can also think of my friend, Eddie Goodman, the former chairman of the Conservative party, trying to do the same thing within the framework of the Committee for an Independent Canada. These are people whose loyalty to their parties is so great—I am not critical of them for that because my loyalty to my party is deep—that it poses a dilemma for them. How do you reconcile your desire for Canadian independence with on-going loyalty to your own party? These people are still waiting for change to be made from within. Apparently all the people I have mentioned have indicated that they are not prepared to change their political affiliations. They have said that they are going to work from within their parties. But can they bring about this change? Can they, in fact, accomplish this? I do not think they can.

The reason is that the Liberals, for one, are immobilized by their own outdated ideology of free enterprise. They will not intervene in the economy. If they will not intervene in the economy, then the cause of Canadian independence is hopeless.

I was quite interested in the references that the hon. member for Duvernay made to the other measures that are necessary—how it is necessary to relate fiscal and monetary policies, and how it is necessary to have some kind of an industrial strategy if we are going to deal with foreign ownership. I concur in those statements because while foreign ownership is a problem it is not the only problem in the management of the economy. Unless the whole problem of foreign ownership is put in the context of what we as a nation desire, what social purposes we have, what kind of society we want to be, what our objectives are, how we are going to relate to all industry and not just to foreign industry, what sort of things we are going to emphasize and concentrate on, and how we will relate our monetary and fiscal policies to these objectives, then we cannot deal with foreign ownership.

We cannot bring in related legislation on takeovers. To what are you going to relate it? Will you bring in legislation limiting the ownership? How does that tie in with your plans? Which industry do you say is not desirable, and which is? How does it tie in with your plans? When you have no plans you have no datum. You cannot make decisions of this type. This is one of the reasons I and many other people continue to support my party. We at least realize that without some degree of planning in our society we cannot do anything about foreign ownership. This is the critical point about the entire debate on the foreign ownership issue. Unless the nationalists are prepared to take this position, then their nationalism will go

down the drain. They will not succeed. This is the dilemma.

The Liberal does not want to take this position very often. He believes in the market economy. He believes in keeping his hands off things. He wants them to run their normal course without government interference. He does not want to take the hard measures that are necessary. These will be difficult measures to take. Those in charge will have to speak with the provinces. Many differences must be reconciled. Planning is not an easy matter. This is not the kind of planning you impose on people from the top down. That kind of planning is neither acceptable nor workable. You must sit down and discuss these matters with all the people involved.

There are some provinces that do not feel the same way about foreign ownership, that think the more foreign ownership they can attract the better it will be. Can you blame a province with a relatively low level of industrial development for saying, "Look, we are not concerned about the ownership. We know it has certain effects on the national economy, but 20 per cent of our people are unemployed. Anyone who wants to come in here and put up a factory is welcome." This is a serious problem, but it is not an insoluble one if you are prepared to do some planning about your economy, and if you can say, "There are ways we can help."

There is another difficulty, Mr. Speaker. Very often questionnaires are sent out ask people if they are upset about foreign ownership. Almost invariably something like 80 per cent to 90 per cent reply that we have too much foreign ownership and that we must do something about it. But when you ask the critical question, "Are you willing to pay a price to do away with foreign ownership"? the percentage drops enormously. If the question is coupled with some antagonism toward the United States, then the percentage goes way down. That is a characteristic mark of this country. If we are going to take action along these lines, then it is the responsibility of the national government to persuade the people of Canada that we can do something about foreign ownership without being enemies of the United States, and without any substantial reduction in our standard of living, or in providing employment. In fact, quite the contrary, Mr. Speaker, because by taking action in some areas of foreign ownership we can increase the prosperity of Canada. I will come to that argument a little later on.

We have been brainwashed by the myth of the superiority of the international corporation. The American businessman has been told this over and over again by people in the highest places. No less a person than a former prime minister of Canada, bolstered by all the business leaders, high civil servants, and the cabinet ministers who listen to them, has been taken in by this myth. The public have been brainwashed into believing that there is some superior business technology that we would lose if we took action against foreign ownership. I do not think that is really true. Foreign ownership of enterprises in Canada makes us poorer, rather than richer. I was interested to read the remarks of the hon. member for Grenville-Carleton (Mr. Blair) as recorded in part at page 2654 of *Hansard* for May 29. He said:

[Mr. Saltsman.]

• (1610)

There is much evidence to show that whether or not enterprises have been owned in Canada is irrelevant to their performance in the interests of Canada.

His authorities were Professor Safarian and Professor Watkins. I know the hon. member and know him to be very careful when quoting. Yet, he was not very careful in his research. I think both Professors Safarian and Watkins dealt with aspects of performance of American as against Canadian companies. I do not think they dealt with the efficiency of corporations. Researches I have asked the Library of Parliament staff to undertake establish clearly, I think, the inefficiency of foreign controlled manufacturing industries which have set up in Canada, as compared with the efficiency of companies, private or public, that have remained Canadian. The preliminary evidence, I do not say it is conclusive, tends to rebut the claim, heard often, that ownership makes no difference to performance or that American-owned companies are superior to Canadian. The most efficient manufacturing companies in Canada, by and large, are those which have remained under Canadian ownership, and the most inefficient are those which come under foreign control and are broken up into branch plant operations. This is not because the Canadian entrepreneur is more talented at organizing than his American counterpart; this has come about because the pattern of foreign ownership in Canada has proven ineffective and inefficient and is not suited to the Canadian market. American companies have tried to create in this country a replica of the United States market, a market almost 11 times our size. If you make a suit that is 11 sizes too big for a man, you can hardly expect him to look good in it or walk well in it. Many sectors of the Canadian economy are poorer, as a result of being foreign owned, than they otherwise might be. I will not deal with the outflow of funds. That question was excellently dealt with by the hon. member for Duvernay (Mr. Kierans).

Having said all these things about foreign ownership, I return to my earlier theme. We need to consider the whole business of ownership in some kind of national, planned context. I am not in favour of the outright prohibition of foreign ownership; nor am I necessarily in favour of licensing arrangements, which are more and more entered into. Sometimes a foreign corporation, instead of establishing a branch plant in Canada, will licence a Canadian manufacturer to produce a commodity in this country. I have seen some licensing agreements; some are worse for this country than the presence of the foreign corporation. For instance, they sometimes insist that the product shall be sold only in the Canadian market, at a price considerably higher than that charged in other countries. In many ways such agreements limit Canadian manufacturers and impose conditions which are little short of slavery. What is worse, since the conditions are invisible, the people of the country are unaware of the difficulties that may be created by such licensing arrangements. Perhaps some licensing is good. Really, I am suggesting that our difficulty is not with foreign ownership alone.

If we pass this legislation and attempt to prohibit takeovers, how can we deal with a company that says, "If you will not let me take over a corporation, I will start a new company." Nothing prevents the setting up of a new cor-

poration. What will happen if the new corporation is to do business in an already overcrowded field? What would happen, for instance, if a tire manufacturer were to establish himself in this way? At present, virtually every United States tire manufacturer operates in this country, as well as one from France. The tire manufacturing field is already overcrowded. Permitting industries to be established in an already overcrowded field and thereby permitting an even greater fragmentation of such industries would work a disservice to the Canadian economy. It would not be a benefit.

Also, a company could say, "Fine; although we are not allowed to take over a company, we will set up in competition to it and drive it out of business." That company may have a thousand times the assets of its competitor; it could lower the price of a commodity and drive its competitor out of business. Actually, big, foreign corporations have available so many options that the takeover route is sometimes the kindest of all and may be preferred to driving another company out of business. How will the government decide, when faced with such situations, if foreign corporations are or are not to be allowed to operate in this country? I do not think the government will be able to decide in these matters. I think it will rubberstamp every request for a takeover that comes before it.

In opening the debate for my party, my leader made an interesting suggestion that has been made by others. He suggested that we ought to use the money in our foreign exchange reserve fund to buy back some Canadian companies. This would accomplish a number of things. There is approximately $5 billion in the fund. It is a source of embarrassment to us. If we took that $5 billion and went to the New York Stock Exchange, say, and began buying shares in some American corporations or repatriating foreign obligations, we should obtain a number of benefits. First, we would rid ourselves of that embarrassing fund of money that is not doing us any good. I am, of course, talking about our foreign exchange reserves. If we were to participate in this kind of "buy back", we should lower the value of the Canadian dollar and stimulate manufacturing in this country. Of course, no doubt some hon. members think that this is such an unusual scheme that it has not been tried. Well, let me say Japan is carrying on a somewhat similar policy. Japan is in a position similar to Canada's, in that Japanese currency is appreciating rapidly. This has resulted in unemployment and in pressures being exerted in that society. That country also has some foreign debt. It is taking money that has been built up in its foreign exchange reserves and is repatriating that foreign debt. I think we can do much the same. Let us use imagination and exercise courage.

It is important to plan because, today, ownership is not as important as it once was—at least, it is not all that important. Whether companies are foreign-owned, domestically owned, publicly owned or privately owned, power in a democratic country, as people become more involved in the political process and understand better what is happening in politics, rests more with the people. It is the government of Canada, by and large, that possesses overwhelming power, not General Motors. We have recently witnessed confrontation between the public power and private power. We must not be confused merely because the government has backed down. Sometimes, it chooses to back down. When the government does not choose to back down in a confrontation with the private sector, the government, exercising the power of the people through representatives elected to Parliament, wins. We have seen this often. More important than legislation such as we are now discussing is the willingness of the government to act when the clear necessity arises to act within the context of an over-all plan.

Some foreign ownership, I think, may be advantageous for us. I think of some areas in which foreign ownership is helpful. To the extent that it is helpful for this nation, I say, why should it not be permitted here. On the other hand, much foreign ownership is not of advantage to Canada. You know, the old idea "The more foreign ownership, the better" has caused us lots of trouble. We can no longer make that assumption. What we have to do from here on is ask foreign ownership to make its case because a case has not been made with the philosophy of the more foreign ownership the better. This is creating a lot of difficulties for this country.

• (1620)

We should be prepared to look at foreign ownership, but first it has to make its case, not just on a takeover because that does not relate to anything. It has to make its case in terms of its expansion from the use of internal funds and with regard to whether it is going to open a new factory. We have never before asked that that be done. We have not created a framework whereby we can judge the case it is trying to make or created a mechanism whereby we can tell what benefit to Canada their operations will be.

We all know that no country is completely free. As much as I would like to see it completely free, with no strings attached, just as I as an individual would like to be completely free with no strings attached, there is not this kind of complete freedom for anyone or any country. We want a world where we are interrelated, have some concern for each other and want to help each other. There is going to be some interdependence. The crucial question is not whether we are totally free, but the extent to which in this kind of interlocking world we can preserve the maximum freedom to pursue our own objectives. That is becoming more and more difficult with the high degree of foreign ownership in this country.

This government does not seem to have the foggiest notion about how to proceed with the problem of foreign ownership. On one hand, they bring in this legislation which states that any company with assets in excess of $250,000 under takeover threat is going to be examined. How do you determine that? There are many ways this can be hidden from the government if a company so chooses. The corporations Act does not call for the disclosure at the $250,000 level. It must be in the millions before disclosure is required. The Canada Development Corporation cannot step in and take such action. It cannot purchase anything unless the assets are in excess of $1 million.

We had the Unemployment Assistance Act. When the government of the United States imposed a 10 per cent surtax, instead of taking other action that was open to it, this government, in a panic, said "Don't worry about it. If you lose any benefit, we will give you a benefit. We will up

the ante." With the reduction of the corporate tax to 40 per cent, this has now been put into permanent legislation. That was an attempt to outbribe the Americans under the DISC program. I do not think we can operate in this way. There is no indication whether or not we want all these companies, whether they are worth bribing or of what value they are to us. It has come to the point where the government is making such substantial bribes that we wonder whether the whole thing is worth it. We do the same under DREE. There is increasing evidence that these companies would have located without the bribes.

There is no real science policy. I notice that the Minister of State for Science and Technology (Mr. Gillespie) is in the chamber. I have been looking to him for great things. To date, all I have been getting has been nice speeches crossing my desk, but no science policy. We were hopeful that once a member of the cabinet was designated to be responsible for science, we would hear something. If something is going on, we are not hearing about it. I suspect there is still no policy and that we are still passing out money in the vain hope that perhaps some of it will do some good.

The government is either walking or running around, depending on their energy on any given day, in a grand flap. They do not seem to know where they are going or what they are doing. The air force used to call it "situation snafu". That means it is all "fuddleduddled". I remember what "snafu" means.

Mr. McCleave: Fouled up is what you mean.

Mr. Saltsman: They are more careful of their language in the air force than in the House of Commons, which is saying something.

Mr. Dinsdale: The gentlemen of the air force.

Mr. Saltsman: It is for many of these reasons that I feel the legislation is unsatisfactory and should not be passed. Therefore, I wish to move the following amendment, seconded by the hon. member for Regina East (Mr. Burton):

That Bill C-201 be not now read a second time, but that it be resolved that in the opinion of this House the government should give consideration to the introduction of a measure providing for an independent review body answerable to Parliament with power to limit and control new foreign investment in Canada and the expansion of foreign-owned corporations already established in this country, as well as the take-over of existing Canadian corporations.

Some hon. Members: Hear, hear!

Mr. Deputy Speaker: Order, please. The Chair would like assistance on the procedural acceptability of the amendment moved by the hon. member for Waterloo (Mr. Saltsman). Hon. members may argue that it is declaratory of a principle in opposition to the principle of the bill but even if that is the case, and I do not admit it to be at this point, it does seem to me that the proposed amendment goes considerably beyond the scope of the bill which we are now considering. It deals with the expansion, for example, of foreign-owned corporations already established in this country. I cite that only as an example that comes to mind from taking a quick look at the proposed amendment. I would be very pleased to have the assistance of hon. members.

Mr. Jerome: Mr. Speaker, as might befit the occasion, the amendment is an ingenious attempt at orderliness, but I submit that it is procedurally unacceptable for two or three reasons. First, if the amendment is accepted, it would raise a most obvious difficulty in that it proposes the establishment of an independent review body which is answerable to Parliament. This body would have the power to limit and control, not only the subject matter that is envisaged in the bill, but a wide range of subject matters.

I think it is accepted as a matter of course that if such a body is to have any function and power, it would have to be supported by a staff and secretariat in order to be competent and operate as would be envisaged by the motion. The body would have to be staffed by talented, capable economists and experienced persons who would command a substantial salary and require staff to support them. Obviously, there would be a considerable expense to the public treasury which is not envisaged in the recommendation from his Excellency. It cannot be seriously argued that if such a body were set up it would not create, or require, that sort of expenditure; the hon. member would not suggest that it would act on a voluntary basis and that its support staff would do the same. So, there is a fundamental difficulty.

• (1630)

In addition, I would submit two further considerations. First, the question immediately arises whether the amendment is really opposed to the principle of the bill, as an amendment on second reading must be. I am sure the hon. member and his colleagues do, in fact, accept the principle that control should be exercised over takeovers by foreign investors of undertakings in Canada. So what they are really saying is that they agree with the basic principle of the bill calling for control, but require, or suggest, that control be exercised by a different body in a different way and that it be exercised over a wider range of transactions than presently contemplated. In short, they are saying that the principle of the bill is acceptable but that its provisions do not go far enough.

The precedents are so clear as to scarcely need citation. In this situation, amendments of the kind the hon. member has in mind are not in order, for the obvious reason that if the principle of a bill is accepted, specific proposals can be examined in detail during the clause by clause study in committee at which time amendments can be put forward. In addition, amendments of this sort can be introduced at the report stage to flesh out the skeleton of ideas now before us—amendments to clauses or the addition of further clauses to the bill to accomplish the objective the hon. member wishes to pursue. In other words, an attempt is being made here to propose amendments to the bill by the device, not of moving such amendments now, which would be clearly out of order, but by seeking to amend the motion for second reading and thus having the government consider the introduction of a totally different kind of measure. The device of referring this back to the government is, therefore, a means of getting around difficulties which would arise in making

specific amendments to the bill itself; it is an attempt to do indirectly what cannot be done directly.

I submit, therefore, that the proposed amendment is clearly out of order. It is obviously irregular to go into the merits of the provisions of a bill at this stage, yet this is what the amendment would envisage. A third difficulty is that it goes totally beyond the scope of the bill itself. It goes beyond the scope of the recommendation, as I have said. For all these reasons, I submit that the amendment is out of order.

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, may I say, first of all, that some of the arguments used by the Parliamentary Secretary to the President of the Privy Council may have merit. There is one he used, however, which can surely be disposed of quickly. In his opening remarks, he suggested that the amendment would involve the expenditure of money and was out of order on that ground. I would draw to his attention, and to yours, Mr. Speaker, that the whole of the amendment is governed by the phrase "in the opinion of this House the government should give consideration to the introduction of a measure—". It is an understanding as old as this Parliament, Mr. Speaker, that when a member asks the government to give consideration to something, it is not an instruction. Therefore, acceptance by the Chair of this amendment, or its passing, would not be an instruction calling for the expenditure of money; it would only be an expression of opinion that consideration be given to the proposal set out in the resolution. I put it to you, therefore, that the argument that the amendment proposed by my hon. friend is one involving the expenditure of money does not carry any weight at all.

The parliamentary secretary had a good deal to say about the fact that because the amendment suggests things which go beyond the present bill it should not be put forward now. He invited us to wait until we get into committee, or to the report stage, or to third reading. I suggest to him, since he is fast becoming No. 1 or No. 2 in the procedural efforts from that side of the House, that if we sought to do these things at the committee stage or the report stage he would be the first to get up and say we could not do them because they went beyond the provisions of the bill.

I have dealt with these matters first because I do not believe them to be serious, as is the basic point which arises with increasing frequency as we try to move reasoned amendments. Although there are a hundred years of precedents in this area, it strikes me we have developed some restrictive jurisprudence in the last few years. For example, it now seems to be established by the Chair that the mover of a reasoned amendment must not only be in direct opposition to the bill, but that he must be opposed to the principle of that bill. If that is his position, the mover of such an amendment is then entitled under the terms of Citation 382 of Beauchesne, Fourth Edition, to move an amendment setting out the reasons he is opposed to the principle of the bill and suggesting other ways of dealing with the matter. My hon. friend, the member for Waterloo (Mr. Saltsman) has made it clear that he is opposed to this bill. He even went so far as to say that it is not a case of its being better than nothing—it is worse than nothing.

However, I am prepared to admit to Your Honour that you sometimes say it is not enough for us to express opposition to the bill; we must be opposed to its principle. Well, one of the things which is sometimes a little difficult to sort out is the principle of a bill. What is the principle of the bill before us? One might easily say that it does not have any, but that is hardly a procedural point. The principle of this bill is the provision of an arrangement under which a Minister of the Crown may review takeovers of Canadian companies already established in Canada. That is all it does. We are opposed to that principle. We think that in its place Parliament has the right to ask the government to bring in a bill to provide for foreign investment, foreign takeovers, and the extension of foreign ownership or foreign influence in Canada, to be reviewed by an independent body—not just by a minister—that is answerable to Parliament.

• (1640)

It is because we think that that alternative, while it is in the field of foreign investment and foreign ownership, is so distinctly opposed to the principle of this bill that we contend it is the type of reasoned amendment that Your Honour ought to consider very seriously, even in the light of the dicta that have been laid down by the Chair in recent weeks. There is no question about our stand on the bill. We think it is worthless and we intend to vote against it. We think that, in principle, it is wrong to handle this matter by putting this namby-pamby power in the hands of a minister. We think it is wrong in principle to confine activities under legislation of this kind to one area only.

Having stated our opposition to the principle of the bill and to what it tries to do, we have proposed, as we think is our right under citation 382, an alternative; and our motion asks the House to call upon the government to give consideration to that alternative. Therefore, Mr. Speaker, because this is an alternative and is presented by members who want to see this bill proceed no further; we contend that the amendment meets the terms of a reasoned amendment and should be put to the House.

Mr. Deputy Speaker: If there are no other members who would like to assist the Chair on the procedural argument, I should like to thank the hon. parliamentary secretary and the hon. member for Winnipeg North Centre for their assistance on the question whether or not this is a reasoned amendment which the Chair should accept as such. When the amendment was proposed by the hon. member for Waterloo (Mr. Saltsman) I indicated that I had some doubt whether it was in fact a reasoned amendment as defined by the authorities which bind the Chair. Despite the very lucid and helpful arguments of the hon. member for Winnipeg North Centre, I must tell the House that he has been unable to convince me that this amendment does meet the tests required to make a reasoned amendment acceptable to the Chair.

I think there is no disagreement on the authorities; the parliamentary secretary dealt fully with them. The hon. member for Winnipeg North Centre stated—and I agree with this—that a reasoned amendment must be declaratory of a proposition that opposes the principle of the bill before the House for second reading. This, of course, is very well established in May, in Beauchesne and in the precedents which the Chair must follow.

I should like to deal with this matter firstly on the basis of whether or not the proposed amendment is in opposition to the principle of the bill. With respect, I do not find that it is. The title of the bill is "An act to provide for the review and assessment of acquisitions of control of Canadian business enterprises by certain persons". I think I would fairly describe the proposed amendment and the argument of the hon. member for Winnipeg North Centre if I were to say that he is proposing another way, an enlarged or different way, in which to achieve the same objective and also to do other things. If this is the case—and I believe it is—I do not think he is opposing the principle of the bill but is suggesting another way in which the objective of the bill might be obtained. On that basis, I would have to say that I cannot accept the proposed amendment.

The parliamentary secretary raised two more points. I agree with his first point that the proposed amendment does seem to go beyond the scope of the bill. It not only suggests an alternate way of dealing with the matter with which the bill attempts to deal; it also suggests that the independent review body would deal with other matters as well. I mentioned before the expansion of foreign owned corporations already existing in this country which is referred to in the proposed amendment. It would seem to me that that provision goes beyond the scope of the bill before the House.

If I may deal with the third point for the record, it was argued by the parliamentary secretary that this proposition would involve the expenditure of funds. I would agree with the hon. member for Winnipeg North Centre on this point. The amendment is merely asking the government to give consideration to such expenditure, and that is all. However, that is not the point on which my decision turns and I refer to it only because both hon. members who argued the case referred to it.

For the two reasons I have mentioned, I very much regret that I cannot accept the proposed amendment as a reasoned amendment that comes within the rules.

Mr. Gordon Ritchie (Dauphin): Mr. Speaker, in speaking in this debate on foreign ownership I should like to put forward some ideas of my own on the problems involved in this issue. It seems to me that one of the most important facets of foreign ownership and control of the Canadian economy is to have some clear idea of what the different types of foreign investment are and their effect on the Canadian economy. Government statistics indicate that Canada's liabilities to foreigners as at the end of 1970 amounted to a little over $49 billion. However, only half of that sum was foreign investment in companies controlled by non-residents, including overseas owners as well as those in the United States. The rest consisted of financial investments by non-residents in stocks of Canadian companies, bond issues of Canadian governments and corporations, and short-term investments. Certainly this part of foreign investment in Canada does not represent ownership and control in any sense.

I should like to look at some aspects of this particular half or portion of foreign investment. The present NDP government of Manitoba has been a large borrower in the United States market since it came to power. Its premier, Mr. Schreyer, had only been in office a couple of weeks when he found it necessary to go to New York to arrange a loan. Just this week German financial interests made a loan to the government of Manitoba, which presumably was just a roll-over. This is an indication that the province of Manitoba needs foreign money to carry on its business affairs.

This morning the Montreal *Gazette* reported that the New York market had raised a loan of $150 million for the government of Quebec. This loan was defended by the premier of that province as being necessary and useful to the province. The James Bay project, with which the province of Quebec would like to continue, demands a $6 billion investment, probably even more, and it is considered there is no way that this money can be financed, given the present state of the Canadian economy, within Canada. Without these borrowings by various provincial governments, the provinces would not have been able to proceed with the building of these schools, hospitals and highways at anything like the volume we currently enjoy. I do not think there is anyone in this House who would be willing to say the provinces should have been curtailed in their borrowing rights if that had meant a reduction in any of the social services our people enjoy. Indeed, it is well recognized that the federal government has been most adamant in forcing on the provinces a high level of social services.

• (1650)

Recently, there has been an inflow of capital into Canada for mortgage loans for residential buildings. Certainly, in this case ownership and control remains in Canada. When it is considered also that Canada has abroad $21 billion worth of investment, this helps in turn to off set the flow of capital into Canada and bring us into balance. If you subtract the $21 billion from $49 billion, you get to the stage where we have a net imbalance of $28 billion. It is perhaps not so bad, when you consider that our gross national product is approaching $100 billion a year, to have a net deficit of $30 billion. That is not so great considering the immature state of development of our economy.

For instance, the recent tax legislation goes further in the way of limiting foreign securites that Canadian pension funds can buy, presumably on the philosophy that savings which are available for investment in stocks should be bottled up in the Canadian market. Canada wants to keep this money at home, but at the same time wishes to obtain free access to the United States capital market. We have indicated this in many ways, particularly in respect of borrowings for Canadian provinces. In some ways it seems to me we are kind of wanting to have it both ways. We want free access to the New York market but we propose to limit the access of Canadian capital to the U.S. market. All this makes for a certain amount of trouble.

It seems to me, whether we like it or not, United States investment is one of the principal vehicles of technological progress we have available to us. The hon. member for Waterloo (Mr. Saltsman), who spoke just before me, mentioned that his study showed Canadian manufacturing was superior to manufacturing by foreign-owned companies. If that is so, it seems unusual that we have one of the highest tariffs in the world to protect our manufacturing industry.

In the last two years we have seen the government move in the textile industry so that foreign textiles have been kept out and have largely disappeared from our shelves. United States investment, with its large technological know-how, seems to be needed by us for at least the foreseeable future. If this U.S. technological know-how is unavailable or closed to us, as well as other technological know-how from western Europe and Japan, surely we in the long run will be poorer for this. It is doubtful whether our citizens would put up with a lower standard of living than our neighbours enjoy, particularly to the south of us. Technological know-how from other jurisdictions surely increases rationalization and modernization in our own economy. It forces our manufacturers to more productivity and presumably increases the standard of living of all our citizens.

In the recent tax changes made by the Minister of Finance (Mr. Turner) when he presented his budget greater stress was placed on tax incentives for the manufacturing industry. How will we obtain this high level of technology in manufacturing, particularly when it is recognized that our high priced manufacturers must sell largely in the United States market, unless we are willing to procure technological know-how from other countries?

In respect of Canadian banking institutions, it is pointed out they are doing business with other countries. Apparently, as Canadians, we are happy to have them do this, yet we have designated banking as one of those segments in which we do not wish any foreign investment. So, it seems in this area we have considerable differences of opinion and a collision of ideas.

Official statistics suggest there is a high percentage of foreign ownership and control in certain of our industries such as petroleum, chemical, rubber, machinery and manufacturing. It has been found that when a corporation changes from being foreign-owned to Canadian-owned it does not necessarily change its way of doing business or does a better job so far as the Canadian public is concerned. For instance, the CPR has been majority Canadian-owned just in the last decade, yet have there been any discernible changes in the policies of the CPR? I have yet to see them. It is just as actively engaged in discouraging travel by passengers as it has been in the past. I met one citizen who made the journey from Lethbridge to Winnipeg without ever having to turn in his ticket.

In the case of petroleum and natural gas, the recent decision of the National Energy Board, which was strictly political, to not export natural gas is an indication that this industry can be effectively controlled without foreign ownership. Without foreign investment there would at the present time be no western petroleum industry. This has all been developed with United States capital and a little western Canadian capital. Eastern money was not available or eastern investors were not interested in investing in the western oil industry at least to the present time.

It is often said that foreign investment is capital intensive and, therefore, we should not encourage it because it does not employ a lot of labour. The province of Alberta, with its rapidly growing cities of Edmonton and Calgary, demonstrates that oil and gas create a climate for the employment of a large number of people. It is estimated that over one million people are dependent in western Canada on the oil and gas industry. This represents 20 per cent of the total population of western Canada.

The Acting Speaker (Mr. Boulanger): It being five o'clock, the House will now proceed to the consideration of Private Members' Business as listed on today's order paper, namely Notices of Motions and Public Bills.

PRIVATE MEMBERS' MOTIONS

REGIONAL ECONOMIC EXPANSION

REQUEST FOR EXTENSION OF DESIGNATION OF RENFREW COUNTY BEYOND JUNE 30, 1972

Mr. Murray McBride (Lanark-Renfrew-Carleton) moved:

That, in the opinion of this House, the government should consider the advisability of extending the designation of Renfrew County for special incentives under the Regional Economic Expansion legislation beyond June 30, 1972.

He said: Mr. Speaker, on December 10, 1969 an almost identical motion was moved in this House by me. My concern then, as it is today, was for Lanark and Renfrew Counties, and I asked that they be named as special designated areas under the then new Regional Development Incentives Act. I was on that occasion ably supported by the hon. member for Renfrew North (Mr. Hopkins). Our representations in the House more than two years ago were but the tip of an iceberg, being that portion in view to the public of much larger representations we were making as vigorously as possible to bring federal assistance to eastern Ontario and to obtain an improved and better life for the people we represent.

In April, 1970, just four months after my motion was debated in this Chamber, the Minister of Regional Economic Expansion (Mr. Marchand) named Renfrew County as a special area. This good news, which some said would never come, was met with startled disbelief, followed by a real sense of joy and enthusiasm by all who live in and love the Ottawa Valley. For too long too many people, especially in the Renfrew County area, have been living in the outer regions, just beyond the fringe of economic growth, so they have become accustomed to a very average and mediocre future as part of their lot. It is therefore a real source of satisfaction for me, as the federal Member of Parliament for a large portion of this county, to be able to play a part in breaking this block to progress. For two years now the county of Renfrew has been designated.

• (1700)

Two years ago the western world was in the midst of a very severe set-back in the aircraft production industry. The whole industry was in bad shape. This hurt Renfrew in particular which was very dependent upon that industry. Similarly the county had a natural dependence and tie-in with the forest industry which needed to be restructured. The forests needed to be better harvested and better utilized. The federal government under the leadership of the Prime Minister (Mr. Trudeau) not only had sympathy for the poorer areas of Canada but took action and set up a whole new Department of Regional Econom-

ic Expansion, the sole purpose of which was to assure a greater degree of equality and justice for people such as those I represent so that our dream of a continuous and varied industrial growth could become a reality and a steady stream of new job opportunities could be provided for the young and old alike. This progress, along with a solid agricultural base, is giving the people and the area I represent the kind of confidence for the future we all want to have.

Allow me now to be more specific. What has happened since April of 1970 when the designation was made? I refer in my participation this afternoon to only the eight townships I represent, the townships of Westmeath, Ross, Bromley, Admaston, Horton, McNab, Bagot and Blythefield along with towns such as Cobden, Renfrew, and Arnprior. I am sure other speakers will follow me in this debate in respect of areas of the county which they represent. I hold in my hand at the moment a sheet which lists some 15 different grants which have come into my portion of the county alone. I shall not take the time of the House this afternoon to go through all of these, but they cover a large section from Waba at one end into Arnprior, Renfrew, Cobden and Westmeath. In other words, it is pretty well distributed over the entire area of my constituency. I shall simply refer to the total value of the regional economic grants approved for Renfrew County. The amount under this designation since 1970 has been $3,313,706; in other words, just over $3¼ million of federal aid to create employment and sizeable job opportunities in this whole area. I will deal with this in more detail later. The momentum has just built up and some announcements of real significance will be made in the very near future.

I believe it might be wise to place on the record this afternoon something which confuses some members of the public concerning regional economic expansion designations. When a grant is approved some persons assume that somehow the new industry has received into its hands the amount of money announced. That is not the case. When the federal government announces the approval of a grant, this means simply that representatives of a certain company have come to the government, have said they propose to establish a facility to produce this many units of a certain product and want to know what proportion of the capital cost the government is prepared to contribute if they locate in a slow growth, designated area.

After analyzing the market for the product concerned, after analyzing the need for it and after analyzing the possibility of producing it with the facility suggested, the government will either approve or not approve a grant. In the case where a grant is approved the important point is this. It is then up to the company to go out, raise the funds, build the facility and purchase machinery, equipment and so on. It is only when the new facility comes into production that the money is indeed and in fact paid out. Even then the whole amount is not paid out. Under most of these plans, 80 per cent of the grant is paid out when the facility first comes into production and the other 20 per cent in 36 months or three years. The reason is very obvious. It is to protect the public purse from some fly-by-night operator who might come in and not have a worthwhile company. He may not be prepared to go forward with the project. There is no way any member of this

[Mr. McBride.]

House would want to see the government provide money without ascertaining that the company is a worthwhile company and ready to put in some of its own money and actually go forward.

When I speak of $3¼ million in federal grants being approved I mean just that. They are approved. All the money is not paid out yet, only to those plants now in production. This is the main point of the motion before us today. It takes some time for industrial development to occur. It takes time to bring in these facilities. Among the 15 I have listed here—and again this is only in my portion of the county—a few have not yet gone into production for one reason or another. Always there will be some which may never go into production. Therefore, it is essential and incumbent upon the government, in my opinion, that this designation be not terminated on June 30 as now scheduled but be extended beyond that date. Ideally the designation should be continued for another three years, but at least for an absolute minimum of one and a half years or 18 months. That is the purpose of the motion I have moved today. It is to encourage the government, and to set out in this Chamber the need for having this designation extended.

It takes time to become located. Now, more industrial growth is coming into the county, but it has taken time for the people on the local scene to get organized in order to take advantage of the assistance the federal government has made available to the county. In the Renfrew County area, we have overcome the set-back caused by the closing down of the Renfrew Aircraft and, indeed, the spin-off effect on Haley Industries and some of the set-backs which came to the area because of the pressure on the aircraft industry. However, the long-term advantages of a viable and flourishing forest-based industry have not yet been achieved. The dramatic intervention of the federal government is still needed because the forest industry has not yet reached a point at which this resource can be properly harvested and moved forward. I see in the House the hon. member for Frontenac-Lennox and Addington (Mr. Alkenbrack) who has within the boundary of his constituency a greater forest area than I have in mine. This is also true in the case of the hon. member for Renfrew North-Nipissing East (Mr. Hopkins). Possibly they will wish to take part in this debate and therefore I shall not refer further to the forest based industries.

I mentioned at the outset of my remarks that in 1969 I asked to have Lanark County included in the designated area. The situation in Lanark, in 1970, was ruled to be less severe than in Renfrew. Only Renfrew County was designated. The motion before us today refers only to Renfrew County. It was placed on the order paper on February 23. Just five days later, on February 28, 1972 we were all shocked to learn that Findlay's Limited in Carleton Place announced it was closing down as of the end of May. That announcement followed all too closely on the heels of another very negative announcement that Digital Equipment intended to withdraw from the town of Carleton Place. The point I am making is that Carleton Place is not in Renfrew county, it is in Lanark county.

• (1710)

As long ago as December, 1969, I stated in this chamber that in my opinion the designation was needed in both

Lanark and Renfrew counties. The government and the officials saw fit to provide the designation for Renfrew county but not for Lanark. It did seem that since that date there was some justification for their decision because certainly the circumstances in Renfrew county were severe. But the point I want to make very clearly this afternoon—a point which I made a few days ago in the Committee on Regional Development—is that the circumstances have shifted recently, and now I firmly believe that the needs of Lanark county, and in particular of the Carleton Place region, are equal to if not more severe than the needs of Renfrew county. So I would make an appeal here that the DREE designation of Renfrew be not considered in isolation but that the needs of the wider area be taken into account at the same time.

Following meetings with the Carleton Place officials at the end of February and in March, it was soon revealed that the Ontario Development Corporation was covering the area of Lanark, and so for some weeks in March and indeed in April I was convinced that perhaps it made sense to have the county of Renfrew under the federal plan and the county of Lanark under the provincial plan, and to have a division of responsibilities. However, if press reports are correct, the province of Ontario through its minister, Mr. White, just over one week ago announced, without any prior consultation with the federal government, that no further Ontario Development Corporation forgiveable loans would be forthcoming to foreign owned firms. The fact of the matter is, regardless of how any member of this House may feel about foreign owned industries, that many of the firms who are interested in settling in these more remote, smaller towns such as Renfrew or Carleton Place or Almonte are indeed foreign owned. Therefore, one week ago a sudden change was introduced and Lanark county was thrown into a serious disadvantage.

I raised this question in some detail a few days ago in the Committee on Regional Development at its meeting on May 30. I would certainly like to draw the attention of anyone interested in this question to the record of proceedings of that particular meeting as it appeared in issue No. 14, where a very lengthy and detailed discussion was recorded between myself and the officials of the federal department as to just what would be the future of a community like Carleton Place when it was suddenly placed at a distinct disadvantage, since many of the industries that would be interested in settling there with the assistance of the Ontario Development Corporation would now naturally migrate a few miles further to the county of Renfrew to get the advantage of the federal designation under DREE. This is a problem that is extremely serious. If you are in a high density population area it is not so urgent, but when you are in a more remote area where industrial development is more difficult, then a sudden shift like that upsets the whole balance.

I appealed to the Minister of Regional Economic Expansion (Mr. Marchand) at that meeting on May 30 to consider filling this vacuum that had suddenly been created by the Ontario government's withdrawal. I see my time has almost expired, but I would like to conclude by saying that the county of Renfrew needs more time to develop the forest based industry. It needs more time to take advantage of the new industries which we have been able to get, a large number of them spread through the whole area. But I also want to say that in my opinion Lanark county has suddenly had a severe kick in the pants and has been placed at a serious disadvantage. I want to quote one short section from the record of the proceedings of May 30 of the Committee on Regional Development which reads as follows:

> MR. MCBRIDE: I will ask a question which is really a representation. In view of this statement by ODC, will the minister assure this committee that he will give every possible favourable consideration to the designation under DREE of areas like the depressed areas of Lanark that are now going to be left at a significant disadvantage?
>
> MR. MARCHAND (LANGELIER): We are going to discuss this with the government of Ontario, and if this decision of ODC changes the situation to a large extent, of course it might bring us to revise certain things that we have done.

I want to assure the House and to publicly assure the minister that there are many people in the Ottawa valley today who sincerely wish and hope that the federal government would move to take up the slack that has been created by this change in provincial policy. I want to assure the House that I will do my part to encourage the minister to give every possible favourable consideration to including, especially the northern part of Lanark county which includes Almonte and Carleton Place, in some kind of a special area, or else to meet again with the province and get them to reconsider their action.

In conclusion, I want to say that the federal designation of 1970 has meant that more federal funds have come into Renfrew county than ever before in its history, and this is being appreciated by myself, as the local member, and by the people there. It has brought a whole new future to the area. It must be continued so that we can finish what is now well under way.

PROCEEDINGS ON ADJOURNMENT MOTION

SUBJECT MATTER OF QUESTIONS TO BE DEBATED

The Acting Speaker (Mr. Boulanger): It is my duty, pursuant to Standing Order 40, to inform the House that the questions to be raised tonight at the time of adjournment are as follows: the hon. member for Assiniboia (Mr. Knight)—Grain—Request for forgiveness of overpayments to farmers in light of forgiveness of duties and taxes owing by car manufacturer; the hon. member for Frontenac-Lennox and Addington (Mr. Alkenbrack)—Penitentiaries—Suspension of regulation making inmates financially responsible for wilful damage to property; the hon. member for Humber-St. George's-St. Barbe (Mr. Marshall)—Manpower—Local Initiatives Program—Response to requests for additional sums and extension of time for completion of project.

Regional Economic Expansion

PRIVATE MEMBERS' MOTIONS

REGIONAL ECONOMIC EXPANSION

REQUEST FOR EXTENSION OF DESIGNATION OF RENFREW COUNTY BEYOND JUNE 30, 1972

The House resumed consideration of the motion of Mr. McBride:

That, in the opinion of this House, the government should consider the advisability of extending the designation of Renfrew county for special incentives under the Regional Economic Expansion legislation beyond June 30, 1972.

Mr. A. D. Alkenbrack (Frontenac-Lennox and Addington): Mr. Speaker, in rising to take part in this debate, I wish to compliment my friend, the hon. member for Lanark-Renfrew-Carleton (Mr. McBride) for his opportune motion.

I take it that the hon. member is asking that the present designations and rates be extended beyond June 30, but he does not state for how long. Under the Pearson government, and before redistribution, when we first had legislation providing for treatment of certain designated areas, none of those areas were located in any part of the riding that I then represented. That was the riding of Prince Edward-Lennox. In that riding at that time we were forced, and we still are forced to stand on our own feet, pay federal, provincial and municipal taxes, and do without the benefits of designation. Thus, I was obliged to take the stand that since the undesignated areas received no special benefits, and had to continue to pay taxes to stimulate the designated regions, this did little net good over the whole national scene. That is logic that cannot be refuted. The more assistance we give to certain areas, then the bigger the load that unassisted areas must bear.

• (1720)

Although I support the hon. member's motion because I now find myself representing 12 townships and two incorporated villages in the Barry area to which this designating motion applies, we have found that in spite of quite a long and fairly productive period of designation there is something still wrong. The forest industry, and all the other business such as secondary industry, that we thought would be immensely benefited, are still impaled upon the hazards of taxation and poor markets. I now contend that the government should extend further tax benefits to these firms and help them find markets for their products. I know that the hon. member for Renfrew-Lanark-Carleton is listening to me, Mr. Speaker, because here I am referring to markets for wood pulp and wood chips.

The lumber market in that area is fairly good. The price of maple is at an all time high. The mills are paying $85 to $90 a thousand for spruce logs. That indicates they are getting good prices for sawn lumber. However, the market for pulp and wood chips is in a turmoil and uncertain. There are some companies which got assistance under ARDA, and others that are hoping to receive grants under DREE, that do not know what the next quarter will bring with respect to marketing of the products for which they may receive assistance to manufacture. The government, the House of Commons, and all private members in it are finding out that designation is not just everything we thought it would be. There must be some better plan of assistance for primary industry, especially for the small primary industry we have in the Ottawa valley.

If we are to do as my colleague recommends, and extend this arm of benefits beyond June 30, then I must insist that the northern part of the counties of Lennox and Addington, and the northern part of Frontenac be included in this designated area, plus the five townships of western Lanark which I have the honour to represent, including North and South Sherbrooke, Bathurst, Dalhousie and Lavant.

An hon. Member: You might as well get a share of the pork barrel.

Mr. Alkenbrack: An hon. member says that we might as well get a share of the pork barrel. I point out that three applicants in the township of Raglan in the western part of Renfrew county have had no satisfaction from the Department of Regional Economic Expansion to date. This would indicate that the pork barrel must be pretty well used up. More than one industry in the Renfrew county portion of Frontenac-Lennox and Addington has applied for assistance, and has not yet received any benefits.

The forest industry in my area can still be classed as a primary industry. Although the government has encouraged the establishment of pulp and paper mills helter-skelter, indiscriminately and unwisely across the country, it has not tried to encourage any secondary manufacturing in the forest industry in the Ottawa valley. There is a pulp mill at Portage du Fort just across the river from Pembroke, and I wonder why we cannot have one on our side. Our people from Ontario have to market their plup wood there sometimes at a disadvantage. Sometimes they do not get full measure for their product, a product which they have to draw many miles. I ask why cannot a study be made into the feasibility of a pulp mill on our side of the river in Renfrew county? Such a mill could manufacture the wood into pulp, and possibly into paper. It would be a secondary form of manufacturing which could employ some of the manpower we have there. It would employ more people than the primary production to which we have been confined for so many years.

Diverging from the wood industry for a moment, Mr. Speaker, I would like to point to a very energetic and economically viable maple syrup industry in Raglan township, which is the result of a brilliant man's mind, the result of much work, and the result of patents held by this individual. By vacuum action he pipes the maple sap from each tree. He has over 50 miles of plastic piping conducting the sap to a very modern sugar house. It contains the most modern equipment, costing thousands of dollars. I understand he has spent over $40,000 on the operation he now has. It produced this year about $20,000 worth of maple syrup of the very best quality. This man was unsuccessful in his application for help from DREE. He applied but was given short shrift. The other day I said to him, "I suppose you have received a grant from the federal government." He said, "No, not one cent". He received very little from the provincial government. He is now operating

[The Acting Speaker (Mr. Boulanger).]

on his own credit and doing fairly well. I think such an industry deserves assistance. He was given none.

• (1730)

I suggest that we need better tax incentives for industry in the Ottawa Valley. I also suggest to the House that there should be better marketing assistance. When the government considers these two items positively and specifically, tax incentives and marketing assistance, I am sure it will find that less cash will be needed from what hon. members have called the pork barrel.

Can anyone say with credence—I ask hon. members to answer this question in their minds—that any one county is at a disadvantage in the total, over-all picture when one considers industrial progress? Is any one county at a disadvantage under the status quo, say in western Ontario? I think not. Is any one county in eastern Ontario at a marked, lamentable disadvantage? I think not. We are too closely related, socially and economically, for that to be the case.

That is why we might be better off it we looked more at the vital questions of taxation and marketing instead of saying to a man who wants to borrow money to buy another chipper with which to make more chips from his wood lot, "We will give you a certain percentage per man that you hire." Perhaps the project the man has mapped out will not work if he is given a grant under those conditions. This is another area that should be more clearly defined. I know a man in my riding who approached DREE for assistance in a chip and lumber industry. His is a most reliable firm. The application is being processed. I have recommended the firm and hope the minister will approve the necessary financial assistance and permit the company to see its project through to the end. The firm has been in business for a long time. It is reliable and will continue in business whether or not it receives the grant. Other firms in the same area and business have already received grants from DREE. I insist that everyone should be treated in a similar fashion.

In closing, Mr. Speaker, when we talk about the development of parts of Lanark, Renfrew, Carleton or the counties of Frontenac or Lennox-Addington, I ask: what about the development of all eastern Ontario? In adopting this motion, why not adopt a broader outlook? I say there must be a similar assessment of our problems and that the whole area must be treated equitably so that all undertakings in eastern Ontario are given an equal chance. Others here will speak for western Ontario. I support the hon. member's motion in the hope that the program may be extended and that it will bring some of its anticipated benefits to our area.

Mr. John Burton (Regina East): Mr. Speaker, I listened with a good deal of interest to the remarks of the hon. member for Lanark-Renfrew-Carleton (Mr. McBride). I listened to him sympathetically as he put forward a case for the needs of his constituency. I think we could all speak of particular problems facing our constituencies. Using the vehicle of his notice of motion, the hon. member was able to outline to the House some of the problems facing his constituents. I know a little about his constituency, having had occasion some years ago to work there. I found the people particularly hospitable and got along well with them. I assure the hon. member that I enjoyed very much the short time I spent there.

In the motion before us I note that the hon. member has made specific reference to an area of his constituency. As I suggested, I cannot blame him for finding an opportunity to deal with the problems of the people he represents. At the same time, I must express my view. I had hoped that the notice of motion might be based on a somewhat wider view of the situation. Problems and policies connected with regional development and programs of the Department of Regional Economic Expansion affect the whole of Canada.

I am sure the hon. member appreciates that policies and decisions concerning a particular area of his constituency can hardly be made unless we consider also the situation in other parts of Canada. Thus, I think we must consider other factors as well, particularly—as has been pointed out—the fact that current designations under the Regional Development Incentives Act and the Department of Regional Economic Expansion Act are due to expire at the end of June. The minister has indicated on a number of occasions that he expects in the near future to make an announcement concerning future designations. Naturally, quite a few members of this House are interested in particular areas and in the basic policy approach that will be adopted by the minister during the next three years for future programs which the department may undertake.

This matter is critical, Mr. Speaker. I am sure all hon. members agree with the objectives of regional development. The removal of regional disparities in Canada is something to which we all subscribe and on which we all agree. If we are to achieve these objectives we must examine some important considerations. The department structured its program in a way that would provide for a review of the situation at this time. I think this is a good time for us to consider what the department has done up to the present and where it will go from here.

As I listened to the hon. member for Lanark-Renfrew-Carleton I noted that there are a couple of policies which need to be questioned. One of his assumptions seems to be inherent in the thinking of some people who deal with economic problems. The very simplistic idea that one hears expressed either clearly or in somewhat vague terms is that all that is necessary to solve the problems of an area is to get industry to move in; all that is necessary is to dangle a carrot in front of them, then no problems will follow and everyone will be happy.

• (1740)

Many of us have learned through observing the scene that this is simply not the case. It does not deal with the problem. New industries have moved into particular areas and benefits have accrued from their establishment. However, this has not removed or solved the basic problems of these areas. We have to find something more. We must find an appropriate way of dealing with the problems of economic development and the whole social and economic picture of the region with which we are concerned. We must achieve better integration of government programs.

One of our concerns at the present time is pollution and environmental problems. This question came to my attention last year when there were problems involving the

establishment of a pulp mill in Saskatchewan. This became a political issue in my province. The government of the day, which is no longer in power, wanted to establish a pulp mill. It twisted the arm of the federal government to get a commitment for a regional development grant. It was quite a large grant, $12 million or more. The federal government said it would insist that the new pulp mill in the Meadow Lake area meet all the pollution standards being established by the Department of the Environment. I had occasion to question the deputy minister and some of the officials of the Department of the Environment. I was assured by various officials of the Department of the Environment. I was assured by various officials, including officials of the Department of Regional Economic Expansion, that this firm and the provincial government were really serious about tackling the pollution problem. They saw no reason why they could not solve the problem.

We all know what happened in Saskatchewan. The government of that day was defeated in 1971. The new government, in honouring a commitment it had made during the election campaign, undertook to wind up the agreement that had been signed for the construction of the pulp mill because it felt the benefits that would accrue from this development were not commensurate with the very large cost involved. It took a great deal of courage to make such a decision.

I do not have the clipping before me at the moment, but last fall I read a news article which appeared in two Saskatchewan papers. The article reported an address given by a top official of the Department of the Environment; as a matter of fact, one of the officials whom I had questioned in May, 1971. He assured me there would be no problem in dealing with pollution. However, after the agreement had been wound up, this official, Mr. K. C. Lucas, said in Saskatoon that the pulp mill never had a hope of meeting the pollution control standards being established by the Department of the Environment. The story that came out was what we had suspected all along. It came out when it would not do any harm to certain people who had a political stake in that mill. This is one of the concerns we must have.

Another example involves the hon. member's constituency. I understand that a charcoal plant was proposed for the community of Wilno in the Madawaska Valley. I think that is in the hon. member's constituency. The hon. member is shaking his head in the negative. In raising this matter I want to make it clear that I am not jumping to conclusions; I am simply raising some points that have been drawn to my attention and which I feel deserve consideration. These involve some of the considerations we must bear in mind when dealing with the whole question of industrial development and attracting new industry to areas.

Some time ago an announcement was made for the construction of a charcoal plant in the community of Wilno. No doubt this was welcomed by some people. In making the announcement, the Minister of Regional Economic Expansion (Mr. Marchand) said it should be clearly understood that the conditions of the agreement on which the grant was based required the company to meet all the anti-pollution standards laid down by law. He stated that no money would be forthcoming from the department unless the anti-pollution equipment met the standards laid down by law. He did not specify in that announcement whether he was referring to federal law or provincial law. The information I have may be subject to correction, but I understand that the Department of Regional Economic Expansion was simply going on the basis of standards set by Ontario provincial authorities. I am not in a position to judge whether those regulations are adequate or not, but I raise the question.

This should be a matter of interest to the federal Department of the Environment. Even though it may not have legislative authority to deal with a matter of this nature, other departments such as the Department of Regional Economic Expansion should be able to draw on the Department of the Environment for a judgment on the adequacy of standards that are maintained where a grant is proposed by the Department of Regional Economic Expansion.

Another area where there is cause for greater integration and co-ordination of effort is grants to foreign-owned or controlled firms. I have raised this matter on a number of occasions in the House. The question is before us for debate today under the government's bill concerning review of foreign takeovers. We are dealing with a piece of legislation which, however inadequately, proposes to provide a review mechanism in respect of a foreign-owned or controlled firm proposing to take over a Canadian firm or enterprise. At the same time, the Department of Regional Economic Expansion is to continue its current policy of providing grants to firms and applicants no matter whether they are Canadian owned and controlled or owned and controlled from outside Canada.

If the objectives in the foreign takeover review bill, Bill C-201, are to be accomplished it is inconsistent for the federal government to carry on its present policy through the Department of Regional Economic Expansion of continuing to make incentive grants to foreign-owned and controlled firms without any other policy development.

Over the past three years the Department of Regional Economic Expansion has spent $1.2 billion. Another $500 million expenditure is proposed for the current fiscal year. Already $250 million has been committed under the Regional Development Incentives Act in grants for the establishment of new industry. Much of this amount still has to be spent. I suggest that there is no evidence of progress in overcoming regional disparities through this program.

The fact is that the federal government and the Department of Regional Economic Expansion have indicated that this is a priority program undertaken in an attempt to overcome regional disparity. The program simply has not been successful. I am not suggesting there is not a place for some grants being made to industry, whether public, private or co-operative, but the emphasis which is being placed at the present time by the department on giveaway grants must be changed because it is not serving the function it should be serving and the people of Canada are not getting the value they should be getting for their money.

• (1750)

I continue to believe that regional disparity must be overcome. It must be the subject of priority attention because inequality in the distribution of our national wealth remains one of the greatest threats to our nation. When we do review this program there are certain provisions which should be incorporated in it.

First, direct state intervention is needed to establish an industrial strategy for each region. The federal government in co-operation with the provinces must be prepared, at least at the outset, to invest directly in enterprises which can be viable in the long term.

Second, the corporate tax structure should be overhauled so that taxes reflect the real social cost, such as overcrowding and congestion, of industries locating near cities such as Toronto, for instance, as opposed to the Maritimes, the Prairies or Renfrew county.

Third, a carefully planned infrastructure program co-ordinated with industrial development is needed. Co-ordination is presently impossible because the department only responds to propositions made by corporations which present applications, and such proposals are only haphazardly tied to the department's program for giving slow-growth regions the basis they need for development.

Fourth, there must be a greater measure of consultation with the provinces and with local governments and organizations. Regional development cannot work effectively if the support of the people in the region concerned is tepid because their views have been set aside. This program needs overhaul. I know that all of us are committed to the principle of overcoming regional disparities in Canada, but we must find more effective ways of doing so than have been presented up to the present time.

Mr. Mac T. McCutcheon (Lambton-Kent): Mr. Speaker, I am honoured to have an opportunity to support the hon. member's motion and to spend just a few minutes before six o'clock commiserating with him on the difficulty he faces because one part of his constituency is designated while the other is not.

Long before he became a member of this House I experienced the same upsetting arrangement in Lambton-Kent. In those days, areas to be designated were decided on the basis of unemployment figures originating in various Unemployment Insurance Commission offices. This arrangement left a terribly grey area affecting the jurisdiction of the Wallaceburg unemployment insurance office and the Chatham office which at that time was not designated. Thus, I have reason for sympathizing with the hon. member and I am pleased to support his motion, particularly since he has called for an enlargement of the designated area. I am sure I speak for him when I say it must be uncomfortable to contemplate a high degree of unemployment in Lanark involving the closing down of plants, while just a little way north in Renfrew everything seems to be booming.

In Lambton-Kent we also carry on a lumber industry, though not to nearly such an extent as the country which the hon. member represents. I was in conversation the other day with a sawmill operator who was forced, as part of the fight against pollution, to make a $50,000 investment in a wood-chipping machine. He is going to make wood chips and sell them to the United States. One of my hon. friends asks whether they will be used to make charcoal. No, these wood chips from southern Ontario go through a manufacturing process in which they are made into inexpensive pressed board.

When the policy of assistance to less developed regions was first announced by the Minister of Regional Economic Expansion (Mr. Marchand) on March 11, 1970, he outlined the area in Renfrew which was to be covered, but in the closing part of the statement he said—I am quoting from his announcement—that the agreements being made with the provinces would be for the same period as the designations; for most of the areas, however, it was expected that these agreements would be followed by further joint development plans extending over a five-year period.

The Acting Speaker (Mr. Boulanger): Order, please. The time allotted for private members' business having expired, I do now leave the chair until eight o'clock.

At six o'clock the House took recess.

AFTER RECESS

The House resumed at 8 p.m.

GOVERNMENT ORDERS

FOREIGN TAKEOVERS REVIEW ACT

MEASURE TO PROVIDE FOR CONTROL OF FOREIGN OWNERSHIP OF CANADIAN COMPANIES

The House resumed consideration of the motion of Mr. Pepin that Bill C-201, to provide for the review and assessment of acquisitions of control of Canadian business enterprises by certain persons, be read the second time and referred to the Standing Committee on Finance, Trade and Economic Affairs.

Mr. Gordon Ritchie (Dauphin): Mr. Speaker, before the dinner hour I was pointing out that the oil and gas industry had brought to western Canada an estimated one million in population, or 20 per cent of the population of the west. With our period of high unemployment during the last two decades, I was posing the question where these one million would have found a living, whether in Toronto or Montreal. Certainly, without United States capital the oil industry would not be nearly as far advanced as it is today.

Then, again, I pointed out that recent discussions have been going on in this House and the country at large over the proposed Mackenzie Valley pipeline. Looked at in a dispassionate way, it seems that the best route for bringing oil and gas from the Arctic is down the Mackenzie Valley and into continental North America. Construction of this valley pipeline really depends upon whether Alas-

kan ecologists can convince the United States government that a pipeline through Alaska is not in the best public interest.

• (2010)

In view of the efforts of the Alaska Chamber of Commerce and other people involved, including those who build tankers and people on the west coast and in the United States who need oil, it is likely the Alaska pipeline is the one that will be chosen. What about our own position? It is considered that a $5 billion pipeline is clearly beyond our capacity as a nation to build on our own in the immediate future. This seems to be another example of what will happen without foreign investment because it will be a considerable time before a pipeline is built down the Mackenzie Valley.

The 13 Liberal rebels have expressed dissatisfaction with the government's proposed legislation. They consider it weak and inadequate. These hon. members are all from Ontario, the province which has benefited most from foreign investment as shown by the Ontario government survey. This is also the area which has access to large amounts of Canadian capital.

The proposed takeover committee implies massive government scrutiny of Canadian business. There is great concern professed in respect of what the private sector is doing, yet almost half our gross national income is being spent by the three levels of government. It is time the government reconsidered what it is doing. Surely there is now less leeway for the private sector to have initiative on its own. Presumably, in respect of foreign takeovers each company will be required to manufacture and trade in the interests of the country.

The greatest difficulty is, of course, that the committee will be almost completely political. We will have the same situation as under Bill C-176, the marketing act, where the government will determine where the agricultural industry is to be located. We already have, in the Canadian Dairy Commission, a body that locates industry using politics rather than the market as the determining factor. This new act also will allow the government to decide where industrial activity will take place in Canada. In view of the regional character of Canada, it seems to me past experience has shown that industrial activity will take place in those areas which have the largest representation in Parliament, and this means central Canada.

The necessity of the committee always making decisions with politics foremost in mind is the main weakness of this board concept. Surely the demand on the members of the committee will be so great that it will only make a superficial examination of takeovers. With all the questions involved, such as how many jobs will be created, will Canadian management be employed, will money be spent on research and development, and will export markets be developed—all very nebulous and difficult to answer—I do not think a committee could more than superficially examine any particular problem. Every new company hopes it can accomplish these things but only time will tell whether they are successful.

If the committee functions in any sort of meaningful way in attempting to assess any proposition, it will be years behind in that assessment. It will have many of the problems which face the Russian state planners. It seems likely that this committee in practice will not function unless it is willing to assume a very large role in the Canadian economy. It certainly is a vehicle by which discrimination against the peripheral parts of the country could be carried on. I hope that when the bill reaches committee many of these aspects in relation to the potentially very powerful committee will be thoroughly investigated. At that time we will have an opportunity to discuss how the committee might best function.

[Mr. Ritchie.]

Mr. Bill Knight (Assiniboia): Mr. Speaker, I rise to participate in this debate because of its significance to the future of this country, about which my generation is very concerned, particularly in terms of the direction in which we move in controlling the operations of our economy and, in that respect, our society.

It is a long time since the original reports on foreign investment and ownership of Canadian industry were published. There was a great deal of expectation in society that this government, or any government, would make a concrete move in dealing with foreign investment and foreign ownership. We have heard a number of members, including members on the government side, express concern about measures proposed to deal with foreign control of our economy.

We have heard a great deal about foreign ownership being sovereignty versus multinational corporations. These corporations have developed under the British system on the basis of democratic control. Governments are concerned with seeing that the needs of people are met and governments must deal in politics. But multinational or domestic corporations are concerned only with one aspect of the lives of people. There is a fundamental difference between the role of the multinational corporation and the role of the government.

When societies such as that of the Unites States were developed with foreign capital, in most cases investment from Great Britain, those societies maintained control and ownership of property. In this way there was mainly a development of domestic firms. These firms are responsible to the government to the extent that government is representative of the people. Domestic firms were easily controlled, regulated and watched. But in our society in the second half of the twentieth century there has been a fundamental change from sovereignty and national government to international corporations, so that governments such as ours and those of the United States and Great Britain, are caught in a complex situation, having to play one interest against the other. Because of the essential interests of multinational corporations, the government of the United States has been put in the position of having to adopt legislation such as DISC in an attempt to involve these corporations in domestic production. Whenever this is done it immediately affects the economy of countries such as Canada because these countries have allowed their economies to fall into the hands of foreign ownership, thus losing sovereignty in a good many respects.

This difficulty becomes greater when political parties are financed by the corporate aspect of the economy, because it is their responsibility to continue their position of economic power. Because of the manner of develop-

ment of multinational corporations in the last half of the twentieth century, many difficulties have arisen. A multinational corporation of the United States operating in Canada serves as a means of draining brainpower while concentrating manual labour in one country and skilled workers in another. Quite often they frustrate geographical planning by the use of investment power. If allowed to locate development where they choose, they can redirect their investment power on an international scale, thus injuring the country in which there has been some control over or planning of investment.

• (2020)

Quite often they can regulate their income, their investment and their profits, if you like, so that they can pay taxes in whichever country has the lowest tax rate. This, once again, allows the corporation to play one country against another country for special concessions and breaks. This was pointed out in the budget brought down by the Minister of Finance (Mr. Turner), in terms of tax cuts.

Some people ask what is the future of multinational corporations. George Ball of the United States State Department says that the structure of multinational corporations will be used to develop a supernational world going beyond nationalism, where profit is the personal motive of economic development. He could be correct in some way. He could well be correct in pointing out that the multinational corporation may set up its own system of allowing the development of international government of a kind which I would find extremely threatening.

As many of my colleagues have pointed out, not only is there need for action by the national government of Canada in coming to grips with this problem and question of foreign ownership, which is not tackled by any means in this piece of legislation, but there is need for national governments be they in Great Britain, in Canada or in the United States, to re-examine our role with each other in terms of developing on the world scene a kind of international examination of the role of multinational corporations and the possibility of setting up certain aspects of international standards to deal with these multinational corporations.

So when it is suggested that there must be international co-operation, along with the government of Canada being prepared to tackle the problem, one can see how important it is that the government come to grips with this problem very soon. Governments will have to co-operate to force multinational corporations to disclose full information concerning their operations. To realize this one need only cite the example of secrecy surrounding, according to the Minister of Industry, Trade and Commerce (Mr. Pepin), the DISC program which I think in terms of the world scene has proven to be counterproductive.

Furthermore, governments among themselves should pass co-operative legislation to set up standard charters or documents of incorporation which would establish certain regulations and certain manners in which multinational corporations could deal with the economy. Governments should set up intergovernmental regulations for adjustment among themselves to prevent corporations playing one government against another. They should consider government representation on boards of directors as well as partial public ownership as a mechanism of control. Governments should refuse corporations the right to operate without the government having a holding in them and setting up a joint holding body for the purpose.

What I am suggesting is that not only is the legislation introduced in this House completely ineffective in coming to grips with the issue of foreign ownership but, further, the government in co-operation with other governments on an international scale must come to grips with the matter of setting certain standards and regulations for the operation of multinational corporations.

Foreign ownership in Canada is neither a new issue nor an issue which will become old with time. It is perfectly obvious, by the introduction of this legislation, that the government sees very little need for tackling this important question which faces the Canadian economy. Throughout our history we have developed this country on the basis of opposing north-south development in such a sense as to fragment and break up the nation. Sir John A. Macdonald developed a plan to build the Canadian Pacific Railway in the manner in which he did, in the hope of avoiding control of that corporation by United States interests. There was great controversy, as there should well have been, concerning the way in which the CPR should be built. But one of the effectual and important things was that it was done in such a manner that there would be Canadian control as he saw it in the 1870s and 1880s.

We have developed our nation, as well, through disputes over the Alaska boundary and our concern about arrangements in respect of the international boundary with the United States. We established an international boundary commission to check into the matter of water resources. So since the early days of Canadian confederation we have continually, in one manner or another, sought to develop the kind of economy that would maintain our political independence from the United States of America.

By the 1960s we should have reached a decade of decision, but it passed without any decisions being made. We had report after report. I need not go into this. We had a call for action by different groups in our society in respect of an independent Canada. This involved people such as Walter Gordon. In 1961 the founding convention of the New Democratic Party called for the development of nationalism of a positive nature, not narrow nationalism such as was developed in the 1930s in Europe but positive nationalism which would show that we want Canada to remain a free, independent nation.

We expect this to be done only by a government which brings about a true concept of Canadian control of the economy. Control of the economy by a foreign country, no matter which one, brings about, in the political realm, a certain amount of loss of independence on the part of the people whether it be through Russian control of the Polish economy or United States control of ours. The dimension might be different but there is the fundamental question that people who do not control their economy cannot control their government and their democratic system.

It is in this decade, and I believe in the next ten or perhaps 20 years, that essentially we must come to grips with the problem or find ourselves having to talk of reforming the whole of North America in a continental system. If we do not come to grips with the problem now, my generation and generations to come will find themselves more and more involved with the United States of America and its economic system as well as its corporate control.

• (2030)

I had hoped that after the groundwork was laid in terms of reports, this decade would be the one in which there would be action to try to develop a truly independent Canada. But with the government in power and Her Majesty's Loyal Opposition both essentially tied to the corporate interests, I do not think, nor do I believe, that the Liberal party which is holding on to the concept of continentalism will ever come to grips with this issue unless there is a fundamental restructuring of politics in Canada and a strengthening of the position of the NDP.

We have had a decade wherein we should have made a decision, but the end result is this piece of legislation which is before us now. As the hon. member for Waterloo (Mr. Saltsman) and the hon. member for Duvernay (Mr. Kierans) pointed out, it is almost an act of treason in some sense of the word for this kind of legislation to be produced, a piece of legislation which deflates the great anticipation of Canadians and of the younger generation that we will come to grips with foreign ownership in our economy, that we will really delve into the problem, show some imagination and hit it head on.

Why does a foreign company invest? It invests to make higher profits relative to the risk it must take. Some people suggest that because of the small market in Canada, Canadian subsidiaries do not have advantages in production. However, Canadian subsidiaries of international companies usually hold a superior competitive position with similar domestic plants simply on the grounds of their relationship with the parent company. This allows them to expand and grow to the disadvantage of the domestic plant, and thus it allows an eventual takeover.

There is no aspect of this bill that deals with such expansion on the part of such corporations, no attempt to curtail it and redevelop the direction in which we are heading. The smaller size of the Canadian market is not a hindrance to these multinational firms but, in fact, leads to the establishment of small plants and thus increases the advantages of the multiplant corporations which give the small plants access to large-scale markets. This lowers the cost as well, which gives multinational firms a further advantage over the domestic plant.

Many sectors of our economy have fallen into foreign ownership, such as Canadian patents 90 per cent of which are foreign owned, 70 per cent by Americans. Foreign ownership of industries is highly concentrated in what I would call an oligarchical position where they fix prices in terms of the Canadian economy. When people talk of the free enterprise system where there is competition, I suggest they talk of something that is far removed from reality.

[Mr. Knight.]

Foreign ownership is highly concentrated in industries which have control of the market, such as the tobacco industry, the automobile industry, aircraft, oil, rubber, etc. Corporations may generate millions of dollars of profit to their shareholders. However, one must consider where the shareholders reside. The multinational corporation hinders the more equal distribution of income. One need not delve deeply into the tax system in order to note the kind of corporate tax cut which we saw in the budget which further enhanced the position of multinational corporations in the Canadian economy.

Many members of the House have pointed out in the past some of the difficulties which we face in terms of controlling our economy and have given examples such as the one referred to by the hon. member for Duvernay in his speech last fall when he spoke of the income tax bill relating to our exports and the control of our economy. He said:

> An additional $1 billion export of energy to the United States, for example, would give us in this country $68 million in wages and salaries. But that balancing inflow on which Mr. Connally and Mr. Nixon are insisting in manufactured goods could mean that we are importing anywhere from $200 million to $350 million in their wages and salaries, depending on the industry. If it is the furniture industry, we would be exchanging $68 million for $330 million. If it is the textile industry, 26 per cent of $260 million on an average of their output is composed of wages and salaries. If it is agriculture, wheat or products like that—and I am at no time speaking of pulp and paper or wheat and fish and hydro electric power, which are renewable resources; I am speaking of non-renewable resources and agricultural products—the average is 26 per cent. If it is pulp and paper, the average is again 26 per cent. So we are exchanging 6.8 per cent or $68 million out of $1 billion, for $260 million. We cannot have our cake and eat it too. It is some exchange! There may be a balance of trade in dollar terms, but there is no balance of trade in jobs or wages and salaries.

This points out the dilemma which we now face in Canada. We are in fact exporting jobs, salaries and skilled labour. Further to that, as I previously mentioned there is the relationship of the multinational corporation to the whole area of the laws of the country. What develops in the multinational corporation, in an economy controlled by it, is a duality, one loyalty to the laws of the mother nation and the other to the laws of the parent company. Both of these can affect the trading aspects of the nation. The American anti-trust laws and trading with the enemy act both affect the kind of trade and distribution that Canadian industry has allowed when it is controlled by the parent company. American moral, political and economic judgments are fostered in foreign nations through the roots of the multinational corporation.

As I suggested previously, corporations take away Canadian talent which is in the hands of the parent company. Some of these remarks are based on comments made by such people as the vice-president of Dupont Company of Canada who once stated:

> Clearly any subsidiary is always the chosen instrument of its parent company. The very reason for its existence is to carry out the function of the parent in its designated sphere of activity and it must recognize this relationship in all its actions.

That is the loyalty to the parent company. Therefore, what develops is a kind of over-all government policy, a policy that affects people in the multinational corporations and people in control of the domestic affairs of the nation, and thus the government loses that kind of power.

Direct investment by multinational corporations erodes the decision-making process of citizens, and this is essentially what has been happening in the Canadian economy.

What is the reaction of this government? The government has not set up a screening process. It has set up nothing more than a smokescreen to hide its deficiencies in the realm of policy regarding foreign ownership. I do not think the dismal failure of this government to come to grips with the matter of foreign ownership can be understated. It merely sets up a smokescreen. There have been a number of editorial comments dealing with this subject. The *Financial Times* of Canada, in an editorial headed "The Missing Policy", wrote:

• (2040)

The government has been talking out of both sides of its mouth. It wants to reassure business that nothing drastic is planned. At the same time it is trying to tell Canadian nationalists that this may be only the first step towards more stringent controls. Some hints are being dropped that real limitations on foreign ownership are merely postponed until the employment outlook is brighter.

The cabinet appears to be split on the issue and several ministers are visibly unhappy about what has been produced. Even after two years of study and debate it appears that the Trudeau government felt obliged—presumably by the approach of the election—to say something about foreign ownership when it hadn't made up its collective mind what to say.

The first part of that paragraph is where the essential truth lies. The government is trying to produce a bill and then go to the people and say it has done something about foreign ownership, but in fact it will have done nothing. As an hon. member has already said in this debate, directors of multinational corporations can roll over and go back to sleep because they have nothing to worry about from the actions of the federal government. The Montreal *Gazette*, in an article headed "Ownership Policy Puny, Invites Trickery" which appeared on page 10 of its May 3 issue, summed up what the government has done as follows:

The mountain has laboured and brought forth a mouse—

Not only does the government's decision disregard the principle recommendations of its own major task force headed by revenue minister Herb Gray, it also falls far short of the objective outlined by Prime Minister Trudeau himself.

"As a government, our minimum posture is to maintain the status quo," Trudeau told Southam News Services chief Charles Lynch last November.

"American control of our oil and petroleum is 95 per cent, we wouldn't like to go to 99 per cent; the American control of our manufacturing industry is 60 per cent, we wouldn't like it to go to 80 per cent—and so on, and I think if we tell the American people this, they will understand it"—

Takeovers simply aren't the principal problem.

In what the Gray report calls "a more or less normal year," takeovers account for only some 5 per cent of the increase in the assets of Canada's foreign-controlled corporations.

New investment from abroad plays a much more significant role. And the most important fact of all is the expansion of foreign corporations already established in Canada.

I repeat the statement that the most important factor of all is the expansion of foreign corporations already established in Canada. The government has not seen fit to deal with this fundamental question. What the government should do in the future, as has been suggested in this House previously, is create a stronger role for the Canada Development Corporation, to institute a kind of planned economy which develops our country on the basis of the essential needs of Canadians and not on the basis of the essential needs of corporate interests.

While the leader of my party was speaking in this debate he was asked a question about grains and wheat and it was implied that he was talking about the manufacture of wheat in Canada into flour before shipping it abroad. To me it was a preposterous question. Wheat and similar products are non-renewal resources, but the minister in charge of the Wheat Board was comparing them with products that are renewable resources. It is those which we presently ship abroad and buy back as finished goods; the minister should know that.

Essentially, what I have suggested tonight, Mr. Speaker, is that we in Canada must take action on the international scene to persuade other governments, those of Great Britain, of European countries and of the United States to work out the standards which multinational corporations must meet and the roles they must play in the economies of the world. Such steps must be taken, along with much stronger action by the government in terms of developing domestic control of our economy.

Mr. John Burton (Regina East): Mr. Speaker, this bill is making a mockery of Canadian nationhood. It is the type of measure which leads to confusion, misunderstanding and resentment among Canadians. It is the type of bill that places Canadian nationhood in jeopardy. Canadians have a right to expect more forthright leadership from the government than is demonstrated in this bill. The government of Canada, whatever its political persuasion, has an obligation to provide more effective leadership to the nation than has been demonstrated in this bill.

Many strains face Canadian nationhood at the present time. I suggest that this type of weak, ineffective response to a serious national problem can only intensify these strains. Canadians at the present time are searching for their identity. They are seeking to remove inequities and disparities that exist in our nation. But what does the government do? Having allowed much of our industry, much of our economy, the control of that industry and our economy to be alienated from Canadian hands, the government says, "We are not going to do anything about that. We are going to do something about future takeovers and future mergers of firms." I suggest that this will not help Canada in its search for identity and in finding ways and means of overcoming some of the problems we face at the present time. I suggest that the record of the Liberal government is pretty bleak and dismal in this whole area.

We can go back a number of years to the early 1960s. First of all we had Walter Gordon who came on the scene shortly after the Liberal government assumed power in 1963. He may have had a somewhat misplaced faith in certain institutions in Canada, but nevertheless all of us must be prepared to give him credit for his courage and for a very imaginative proposal that be brought forward, which unfortunately was shot down somewhere along the line.

I am sure there are some members on the other side of the chamber who remember that incident very well, members such as the Minister of Labour (Mr. O'Connell). At that time, Mr. Gordon presented a proposal for a takeover

tax which could have prevented some of the problems we are now attempting to wrestle with and which we have been discussing. Following that, Mr. Gordon and some of his associates had to determine a course of action. Eventually they appointed a committee which produced what has become known as the Watkins report, which made a number of proposals to assist in attaining more effective control of the Canadian economy. These proposals were rejected by the government of the day.

Then we had proposals for a Canada Development Corporation. They really originated with the policy convention of the NDP in 1961. Subsequently this idea was picked up by a number of people, but with some variations. One of those people was Walter Gordon. He presented some proposals in this regard. They were shot down. A bill was presented to the House of Commons while he was minister of finance but never saw the light of day beyond its introduction.

Finally, in 1971 we had a bill to establish the Canada Development Corporation. I am sure most people were looking forward to a creative and imaginative proposal. I suggest it was nothing of the sort. We established an institution, a new corporation, and it was set out clearly that it was to be profit-oriented, that it would be privately controlled and that the government's stake in the corporation after it was established was to be limited to 10 per cent. This new instrument as established cannot be, as it develops its operations, an effective instrument for developing our national development policy. The measures which have been enacted cannot change the course of foreign investment, foreign ownership and foreign control of the Canadian economy.

• (2050)

As a result of a great deal of pressure which the opposition exerted on government, a study was undertaken. It was decided to study the question of foreign ownership. This was commissioned in the spring of 1970 and, of course, questions on this matter have been raised in the House of Commons frequently during the past two years. As late as last fall, and I have information I could give in detail if anyone doubts my word or memory—

An hon. Member: No; good heavens!

Mr. Burton: —we were assured on a number of occasions that the matter was still under study and that the government had not made up its mind. Later, information came to light clearly showing that the government had made its basic decision last July. It came to light on July 29, to be precise, through a document published in the Montreal *Gazette* or Montreal *Star*—I forget which—which clearly appeared to be a copy of a cabinet memorandum that had been leaked.

It was clear that despite what the Prime Minister (Mr. Trudeau) and members of government said on a number of occasions in months subsequent, the government had made its basic decision on this matter last summer. More work was to be done and further discussions were to take place. Finally, May 2 was to be the big day. I can only comment by saying what a ghastly performance that was. What a shameful performance. I am surprised the government had nerve enough to present such a policy to the House as its answer to the problems which have been discussed for so long.

The government had had this matter under study for two years. As well, a voluminous document was presented to the House of Commons representing the studies and reflections connected with this subject. However, when it came to action being taken we found that there was to be a much more limited response by the government. I ask, does the government seriously think this bill will do the job? What does this bill show about the Liberal approach to public affairs? I suggest the Liberal party does as little as it can get away with. It does not want to disturb anything. It does not want to upset the present power structure in Canada. It does not want to offend the 95 corporations on which it depends for its support. The Liberal party is not truly committed to the process of social change and advance. It will move when it is forced to, when it must and when it has no other choice.

Before May 2 last we witnessed a most curious situation involving the Liberal party and the Progressive Conservative party. The Liberal party, on the one hand, had traditionally been known as the continentalist party, the party which advocated the continental approach to our economic affairs. It appeared that changes were taking place, that the party might be prepared to take action and change direction. The Progressive Conservative party, on the other hand, traditionally had been known as the nationalist party, the party that was concerned about nationhood and had taken stands in the past on that question.

We found in recent months the leader of the Progressive Conservative party (Mr. Stanfield) making statements to the effect, "Let us not scare the Americans. Let us not harm our relations with the Americans. Let us not cut off our source of foreign capital." I am sure that, many faithful, sincere and loyal supporters of the Progressive Conservative party winced and shook their heads as they heard their leader make those statements.

I read carefully the speech of the hon. member for Fundy-Royal (Mr. Fairweather) who began speaking for the official opposition in the debate on this bill. I think he added to the confusion surrounding this situation. I think the approach of the hon. member for Fundy-Royal was at variance with the approach his Leader took, as expressed in statements he has made in recent months. The hon. member correctly noted some of his concerns respecting the bill. He noted its ineffectiveness, some of the problems it must deal with and expressed the view, as I interpret it, that the bill will not accomplish much in dealing with the problem it was introduced to deal with. What sort of topsy-turvy situation affects the Liberal and Conservative parties? It seems they are both in a total state of confusion. Neither is willing to take effective action to stem the erosion of the Canadian economy, to develop alternative approaches or to develop alternative instruments of policy.

In addition, it must be said that the Prime Minister's role in this entire debate has been somewhat pale and ineffective. In his statements of recent days he has adopted a most cautious stance which does not do him credit. He suggested that if this bill were held up in the House of Commons the consequence would be serious. He said

opposition parties would be held responsible if the bill were held up and did not pass before the end of June.

Let us examine that assertion in the context of what has happened. As I noted, the study of this matter was begun officially by the government in the spring of 1970. A great deal of background work had been done before then. We were given the official statement of government policy and the draft bill on May 2. Bill C-201 was introduced immediately thereafter. Not until May 29, almost one month after the bill was introduced, was the debate on second reading of Bill C-201 begun. But now the Prime Minister blames the opposition if the bill is held up. That, I suggest, is irresponsible hypocrisy.

We know, for example, that the Prime Minister stalled answering questions by using all sorts of diversionary tactics. He said the matter was still under study, when it was clear that the government had made its basic decision on this question. The Prime Minister also dragged red herrings across the trail, one of the most serious being the entire issue of regional development and the relationship between foreign ownership policy and regional development considerations.

An hon. Member: Now you are dragging a couple across the trail yourself.

Mr. Burton: He suggested that any restriction on foreign ownership would hurt the disadvantaged regions of Canada. May I quote from a statement the Prime Minister made in Regina early in 1972. The statement gave a great deal of concern to his good friend, Walter Gordon.

Mr. Benjamin: If he never comes back it will be soon enough.

Mr. Burton: According to a report, the Prime Minister said:

> There is this constant trade-off between those parts of Canada which are already fairly developed like the central provinces, and particularly Ontario.
>
> And that's where you find the Melville Watkins and the Walter Gordons who think that enough is enough and they don't want any more foreign capital to develop their province, but they don't always realize that other parts of Canada have not developed that far and therefore they would not mind a little bit of foreign capital if it means there is more technological progress and higher standards of living and so on.

That is what the Prime Minister said in Regina. I suggest the Prime Minister's statement is wrong in fact and that its effect is harmful. Varying studies, some of which have been commissioned by the federal government, relating to economic geography have come to our attention and these show clearly that the pattern of foreign investment is not directly related to the pattern of regional disparity that is evident in Canada. Also, reports which have been produced by the federal government show clearly that foreign investment has been highest in Ontario where the highest level of income in Canada is earned.

• (2100)

The typical pattern of entry of foreign businesses, with some exceptions such as industries that are resource-oriented, has been to Ontario. They go to Toronto or one of the larger centres nearby and establish their Canadian operations. I suggest that the manner in which foreign investment has taken place in Canada has contributed to the problems of regional disparity with which we are now wrestling.

There is another matter concerning regional development policy that we must consider. That is the regional industrial incentives program. The federal government, through the Regional Development Incentives Act of the Department of Regional Economic Expansion, has already committed over $250 million in grants under this program. Over half the money that has been committed under this program will go to foreign-controlled firms.

The Minister of Regional Economic Expansion (Mr. Marchand) maintained that he could not cut off grants to foreign-controlled firms because this would hurt regions in need of help. He has said many times that we need a policy of controls over foreign investment but it has to be a general policy, it cannot be part of the regional development program and cannot be an instrument for controlling or curtailing foreign investment. In response to questions I asked in the House and in committee, the minister expressed the hope that there would be an effective policy to deal with this problem in the foreseeable future. Where is that policy? Where is the minister? It seems that in so far as his policy is concerned, it is business as usual; there is no change.

The foreign takeover bill before us states that it will do something about maintaining Canadian control of our economy. On the other hand, however, we continue to feed this growing monster under programs such as the regional development incentives program. The foreign firms which helped create regional disparities by the pattern of their development will not solve the problem now. We need a different sort of Canada Development Corporation than was presented by the government. We need a complete overhaul of the industrial incentives program.

The bill before us is designed to curb takeovers. But why should a foreign firm be interested in a takeover when it can get help like this to expand an existing operation or start up a completely new operation? What we need from this government is a complete change of policy. The government might take note of the change that was recently introduced by the Ontario government whereby they decided to stop forgiveable loans to foreign-controlled corporations. The Ontario government reached the conclusion that this was not contributing to development in the province of Ontario.

We have Bill C-201 before us. We had the usual type of detailed introduction by the Minister of Industry, Trade and Commerce (Mr. Pepin). He is the same minister who told American businessmen in a number of recent speeches that they had nothing to fear and nothing to worry about with regard to legislation the government was going to introduce. He was right. This minister also had a recent experience with some of the American-controlled subsidiaries in Canada. The minister thought he was dealing with them in good faith; he thought he could rely on them and that they had not taken action through their parent corporations to become involved in the United States DISC program which would undercut their Canadian operations. The minister found out through

newspaper articles and reports from Washington that he was wrong. He thought he was able to operate on a straightforward basis with these corporations. The bill before us reflects the known concerns and attitudes of the minister. We have known for some time that he wanted to take very little action to control the activities of foreign-controlled firms in Canada.

I wish to review briefly some of the loopholes in this legislation which must be examined very closely. I do so within the context of the suggestion that even in this limited area where the government is proposing to take action, that action will not be effective and will not do the job. I find that clause 2 of the bill is quite ironic. It sets out in grandiose terms the purpose of the act in these words:

> This act is enacted by the Parliament of Canada in recognition by Parliament that the extent to which control of Canadian industry, trade and commerce has become acquired by persons other than Canadians and the effect thereof on the ability of Canadians to maintain effective control over their economic environment is a matter of national concern, and that it is therefore expedient to establish a means by which measures may be taken under the authority of Parliament to ensure that—

I ask hon. members to note this passage:

> —in so far as is practicable after the enactment of this act, control of Canadian business enterprises may be acquired by persons other than Canadians only if it has been assessed that the acquisition of such control by those persons is or is likely to be of significant benefit to Canada, having regard to all the factors to be taken into account under this act for that purpose.

This is a very grandiose statement but we have this one catch, "in so far as is practicable after the enactment of this act". We find, as well, various factors which the minister says will have to be taken into account in assessing mergers or takeovers in the future. This, of course, is very difficult to assess at this stage. It is not so much a question of the words in the bill but, rather, the manner in which the bill is put into practice once it is enacted.

I have another concern. It appears from examination of the bill that there are certain types of business which for tax purposes might be classed as non-profit. For example, there are some foundations which carry on industrial operations, the profits go for charitable purposes and they are exempt from income tax on that account. The fact is they only carry on a subsidiary operation in Canada. I know of one large, international drug company where this is the case. Most of their research and development work is carried on in England. They do some final testing work in Canada but do none of their basic research work here. They operate in Canada through various subsidiaries but they do not carry on the basic part of their operation here. Such business is exempt from the purview of this legislation.

Another matter that concerns me is that this bill is to be applied to any purchase of shares of a corporation where 5 per cent or more of the voting rights attach. That has to do with a corporation whose shares are traded publicly. It is not a public corporation as such but a corporation whose shares are publicly traded. There are many corporations incorporated as public companies or public corporations but their shares never reach the stock market; they are never traded as such. They would not be involved at this 5 per cent level but, rather, at the 20 per cent level which concerns private corporations. When 20 per cent of the shares of a corporation are exempt from the purview of this legislation, the situation becomes serious.

• (2110)

There are other clauses in this bill which require further examination, but I do not intend to discuss them at the present time. However, when I was reading this bill, on several occasions, since provision is made for certain things to be done and certain things not to be done, I wondered what penalties were set out. What happens if a person or group of persons fails to take the action prescribed or takes action which is prohibited?

At the end of the bill I found that penalties have indeed been provided. Intentional failure to report a takeover is punishable by a fine of $5,000. Now, $5,000 means a good deal to some people but I doubt it would mean very much to a large corporation which felt it might be advantageous to go ahead with takeover arrangements without reporting them, and then to go through the motions if the government ever caught up with what was happening. The corporation might well be ahead by a good deal more than $5,000.

The bill deals with takeovers and mergers. But what about the expansion of firms already existing in Canada and the establishment of new enterprises? Members might be interested to take note of the pattern of foreign investment in Canada over the last several years. I have here a set of figures obtained from "Survey of Current Business", for November, 1970, published by the United States Department of Commerce.

One of the tables sets out the sources of funds of United States subsidiaries in Canada, giving a percentage breakdown. The percentage obtained from United States parent companies and other United States sources in 1968 amounted to only 6 per cent. Funds obtained from retained earnings amounted to 25 per cent, from depreciation and depletion 41 per cent, from borrowings in Canada 24 per cent, from equity sales in Canada 2 per cent, and from other sources 2 per cent. Only 6 per cent came into the country from abroad. Most of the money was generated internally to provide for the expansion of foreign-owned firms here.

I have another table also taken from "Survey of Current Business" for October, 1970. This shows the inflow of new United States capital investment in Canada compared with the outflow of payments to parent firms. In the period between 1960 and 1969 the inflow of new United States investment amounted to $5,497 million. The amount paid out in interest and dividends flowing back to the United States amounted to $6,252 million. The amount paid out in royalties and fees totalled $1,770 million. So the total for these two items flowing to the United States amounted to $8,022 million, which means that the net outflow during the ten-year period was $2,525 million. These figures should be kept in mind. In addition, there are fees paid out in royalties and in respect of franchise arrangements, sales contracts, and so on, which contribute to the picture.

At the present time there is an absence of policy for dealing with this situation. As I said, a grandiose phrase appears in clause 2 of the bill describing the government's intentions but it has not been followed up by any means

for effective implementation. What is obviously needed is an effective way of dealing with the situation I have described—a revitalized and reconstituted Canadian Development Corporation, for example, together with a control instrument which would really do the job.

A great deal of confusion exists as to policy. The hon. member for Duvernay (Mr. Kierans) correctly stated this afternoon that whatever the need for foreign capital in Canada, we were attracting it in the wrong way; we were placing no restrictions on the inflow of equity capital while, on the other hand, discouraging provinces and other institutions from borrowing in the United States.

Mr. Speaker, if there is need for an inflow of capital into Canada, the most effective way of satisfying it while retaining some control over our economy is to allow it to take place in the form of capital borrowing. This, in fact, was the pattern of development in the United States in its earlier years when that country depended on an inflow of capital from Britain. The government is caught amid conflicting priorities. It is encouraging capital investment by offering all kinds of incentives though it is known that in some areas there is a shortage of capital in Canada. On the other hand it has done nothing to bring about a more effective use of labour in Canada by ensuring that Canadians can find employment so as to make a living. After all, more than half a million Canadians are unemployed at the present time. Budgetary policy this spring seems to follow the motto: What is good for the corporations is good for Canada. This seems to be the approach of the Minister of Finance (Mr. Turner).

When we discuss measures of the kind before us, in line with our responsibility to our constituents, we ought to realize fully that we are dealing with a matter which affects the future of this nation, that the future of Canada is at stake and that the decisions we are making now will affect the nature and substance of Canada in the future—indeed, whether there will be a Canada in the future at all. Many of us have a stake in ensuring the development of a healthy society which will reflect concern for those in our community who are least fortunate. It is time the government changed direction and abandoned its present catastrophic course of action.

Mr. Rod Thomson (Battleford-Kindersley): Mr. Speaker, there is some disposition to conclude the debate, so I shall not prolong my remarks unduly. Contrary to all hopes, the government's policy as reflected in the bill before us is similar to its policy in connection with agriculture. It is a stopgap measure, narrow in its viewpoint, shortsighted and deficient in that it allows for no long-term planning. There is no glimpse here of a comprehensive economic plan for Canadian development and the measure suggests no means of increasing and maintaining control over our resources, industries, etc. In effect, it is only running fast to keep from going backward.

• (2120)

Much has been said about the bill and I do not wish to repeat it. However, I do want to kick around for a few minutes some ideas about what we might do in regard to foreign ownership. It seems to me that the present government lacks new business ideas and is not forward looking enough to meet problems in the future. I can think of no better example than the shipping of grain to the west coast. Everybody knows that trade with the Asian rim countries has been improving and we have now sold more grain and other products to that part of the world than the railways can ship. This is very poor business management. I agree that buying boxcars by the government is better than taking no action at all, but I suggest this is a stopgap, ad hoc measure and is typical of what takes place too often in this country. We see much evidence of this sort of thing.

Therefore, why should we be surprised by a bill of this nature that attempts to deal with foreign ownership? Many people have suggested improvements in the shipping of grain, and as a farmer I have made several myself over a number of years. Yet the government still has not produced a long-term plan. It is high time the government made some forward-looking plans to promote Canadian business interests.

I should like to discuss one idea of my own. I suggest that when we use the taxpayers' money to buy shares in a company, or give a company a DREE grant to conduct research that would be worth something to the company be it foreign-owned or otherwise, the taxpayers should receive something back on their investment, on the use of their money. Otherwise why spend the money in the first place? It seems to me we should have a sort of Panarctic approach. If money is given an oil company to prospect for oil in the Arctic, some of the oil should belong to the people.

I also think more thought should be given to the development of Canadian business. I observe the Minister of State for Science and Technology (Mr. Gillespie) in the chamber and I suggest to him, as I have done before, that it is high time someone on the government side produced an industrial strategy that related to items in Canada that we produce very well. An industrial strategy should help Canadian business, which is what we are primarily interested in. A lot is said about foreign capital and foreign ownership as if this were necessarily bad, but the bill before us simply allows a big fish to eat a little fish, provided the cabinet approves, which is a rather negative approach. I suggest that if the government looked after Canadian business, Canadian business would be in a better position to look after itself.

I have another idea I should like to put forward. Suppose a lead-zinc mine—we have several of them in Canada—needed foreign technological know-how or foreign capital for development purposes. We should say to these investors, "If you join hands in partnership with us, we will pay you in lead and zinc. But once we have paid you back, the remainder of the equity in the mine is ours". Let us just consider this idea for a moment. In effect, I am saying that we are not making a very good deal with countries like Japan, Great Britain, Germany and the United States. These countries with technological expertise and spare capital also need resources. My point is that we might make a better deal. We are not as shrewd traders as we might be.

Another point I should like to make is that if we allow these countries to have access to our resources, we should also make a better deal for markets for our manufactured products which are more competitive. A trade-off has

been suggested. If countries want something from us, let us trade something with them in return. It seems to me the government has made some poor deals of this nature. In effect, we have been backwoods boys dealing with shrewd businessmen.

These are not hard and fast suggestions but I did not want the debate to go by without suggesting that we look at other ways of solving our problems. It is not enough simply to take a negative stand and allow foreign capital to come into Canada only on certain conditions. Let us look at developing Canadian industry in a positive way. If we do this, some of our problems may solve themselves.

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, may I rise, not to take part in this debate but to speak to a point of order. I think you will find that there is agreement among the parties that if a vote on the second reading of this bill is called for—and I can tell you that one will be called—perhaps it could be made an order of the House that the vote be taken not at this time but at 9.45 p.m. tomorrow night. I point out that tomorrow is an opposition day under the aegis of the Progressive Conservatives, and I believe that the House leader for that party will confirm that he and his colleagues are agreeable to this suggestion.

Mr. Baldwin: Yes, Mr. Speaker, we agree; and I should like to think that the government would be quite prepared to sacrifice the time of one of its members from a quarter to ten until ten o'clock tomorrow. I think it would be a good idea if the vote were held tomorrow because it would enable hon. members to read their speeches and decide which way to vote.

Mr. Lang: That would be agreeable to us, Mr. Speaker.

[*Translation*]

Mr. Adrien Lambert (Bellechasse): Mr. Speaker, I support the proposal which the hon. member for Winnipeg North Centre (Mr. Knowles) has just made, and I understand that it would be in the interest of the House that we proceed with the vote tomorrow night, as suggested.

[*English*]

Mr. Deputy Speaker: Hon. members have heard the House leaders of the various parties. Is it agreed?

Some hon. Members: Agreed.

Mr. Deputy Speaker: Is the House ready for the question?

Some hon. Members: Question.

Mr. Deputy Speaker: All those in favour of the motion will please say yea.

Some hon. Members: Yea.

Mr. Deputy Speaker: All those opposed will please say nay.

Some hon. Members: Nay.

Mr. Deputy Speaker: In my opinion the nays have it.

And more than five members having risen:

[Mr. Thomson.]

Mr. Deputy Speaker: Pursuant to special order made earlier this day, a recorded division on the motion stands deferred till tomorrow at 9.45 p.m.

* * *

CANADIAN WHEAT BOARD ACT

AMENDMENTS RESPECTING DETERMINATION OF PAYMENT FOR WHEAT—EXTENSION OF APPLICATION TO FLAXSEED, RYE AND RAPESEED

The House proceeded to the consideration of Bill C-204, to amend the Canadian Wheat Board Act, as reported from the Standing Committee on Agriculture.

• (2130)

Mr. Deputy Speaker: Order, please. Before I put the motions which are before the House at the report stage, I might say it would appear that motion No. 1, standing in the name of the hon. member for Saskatoon-Biggar (Mr. Gleave), is defective in that it not only purports to amend Bill C-204 but it also would rescind section 35(1) of the main act and, in effect, substitute for that section a new and substantive proposal. This is the thought the Chair has at this moment. To indicate the authority for the view the Chair takes, subject to whatever arguments hon. members wish to make on the point of order I should like to refer hon. members to May's Seventeenth Edition, page 549, where it is stated:

> An amendment is out of order if it is irrelvant to the subject matter or beyond the scope of the bill, or if it is irrelvant to the subject matter or beyond the scope of the clause under consideration. Amendments which are irrelvant to the clause under consideration should, as a general rule, if they are within the scope of the bill be moved as new clauses.

If hon. members would like to assist the Chair on the procedural point with reference to motion No. 1, I would be pleased to hear them.

Mr. Gleave: Mr. Speaker, I submit that the amendment is in line with the purpose of the bill. It was proposed as part of the bill when it was first presented to this House for consideration; therefore, the government and those responsible for bringing in the bill must have considered this matter as relevant to the bill.

The bill deals with the matter of quotas. That is an inherent part of the measure before us. One of the main purposes of Bill C-204 is to regularize and make legal, by amendments to the Canadian Wheat Board Act, certain procedures the Canadian Wheat Board has been following in administering quotas and establishing the rights of farmers to deliver their product at a given point of time to a delivery point to which they are limited, plus an alternative. This is one of the main purposes of Bill C-204 dealing with control of flax, rye and rapeseed.

I refer to this matter specifically in the amendment; therefore, I maintain it is within the four corners of the bill. I gather from the minister's attitude that he agrees with me on this point. For that reason I suggest the amendment is in order.

Mr. Lang: Mr. Speaker, I should just like to make the very brief point that whatever the situation may be in

strict, regular fashion—and I do not really quarrel with Your Honour's approach to the interpretation here—we are in a peculiar situation, having the bill restored to the report stage with the bulk of the original proposal as contained in the original bill. I think the recommendation is broad enough to support this amendment and for that reason I would not argue against its admissibility at this point.

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, I am grateful to the Minister of Justice (Mr. Lang) for the comments he has just made and I trust Your Honour will take that point of view into consideration. It is the point I wished to make. Surely Your Honour does have to look at the circumstances under which this order is now before the House. There was an agreement among all four parties at this session that we would put this bill back on the order paper at precisely the point it had reached in the last session.

If at this point in the last session we had been faced with this amendment there would have been no question as to its admissibility, because it was part of what had been in the earlier draft of the bill and removed by the committee. In other words, all we would have been doing at the report stage of the last session would be putting back into the bill what had been taken out in the committee.

In view of the fact it was an all-party agreement not to debate the bill on second reading again and send it back to the committee, but to resume the matter exactly at the stage it had reached the last time, I suggest Your Honour should take that into consideration. Whatever was admissible at this stage in the last session should be admissible now. Since there does seem to be agreement on both sides of the House that this is the way we ought to treat it, I hope Your Honour will see fit to allow the amendment.

Mr. Horner: Mr. Speaker, I should like to comment briefly on the point raised. What the amendment does is reinstate the bill to the position it had reached last session. That portion of the previous speaker's remarks is correct, but the bill would never have passed the committee if this section had not been deleted. It was with the deletion of this part that the committee agreed to pass the bill, hoping it would get passage at the last session.

If one checked the record he would see that another bill, doing essentially what this amendment does, was presented to the House for first reading. I think that was Bill C-255. Technically it might be in order, if we really consider that this bill is now at the report stage of second reading, to accept the amendment. Certainly the understanding reached in committee at the time this bill passed the committee and was returned to the House was that this part should be deleted. This was done almost unanimously, though I see an hon. member shaking his head in a negative fashion. In any event, it was passed by the committee only because there was an agreement in committee to facilitate the passage of this bill without the contentious part in order to continue the operations of the Wheat Board.

I suggest you should rule the amendment out of order at this time and that Bill C-255 should be re-submitted so that the whole question of rye, flax and rapeseed could be dealt with. If this were done I could understand that the consideration of Bill C-204 would be facilitated and it would be passed before the end of this month.

[*Translation*]

Mr. Marcel Lessard (Parliamentary Secretary to Minister of Agriculture): Mr. Speaker, I should like to add a few words in the same vein as the hon. member for Crowfoot (Mr. Horner). When the bill was examined in committee, we agreed practically unanimously to delete that clause from the bill and when we reported to the House it had actually been deleted. It was the hon. member for Saskatoon-Biggar (Mr. Gleave) who deemed it advisable to move an amendment at the report stage in order to include the clause once more in the bill.

For my part, I should much prefer not to have the amendment incorporated into the bill because it extends the powers of the Canadian Wheat Board. Past experience has demonstrated that powers vested in the Canadian Wheat Board have not resulted in making us very happy in eastern Canada and our argument against granting greater powers to the Canadian Wheat Board was the iniquity of the Board's present regulations.

I do not feel this is the right time to extend the Board's powers to other types of grain and I suggest that the amendment be rejected.

• (2140)

[*English*]

Mr. Burton: Mr. Speaker, arguments about whether hon. members wish to have this matter dealt with one way or the other would seem to be totally irrelevant at this time. What is to be taken into account, I submit, is set out quite clearly in *Hansard* for May 9, at page 2081, where the government House leader, the President of the Privy Council (Mr. MacEachen), rose in introducing this bill and said:

> I rise on a point of order, Mr. Speaker. With respect to this bill of which notice is given on the order paper. There have been discussions among the House leaders and because this is the same bill as was reported out of committee last session it is understood that when and if it is given first reading it will be moved forward to the report stage on the understanding that hon. members will be able to move amendments in the usual way and will not be confined to the amendments that were moved in the last session. If the House is of a mind to do so, I should like to have an order which would put this bill at the report stage, where it stood at the prorogation of the last session, on the understanding that hon. members might move amendments either as in the former session or new report stage amendments.

In the exchange that followed it was clear that there was agreement, and Mr. Speaker concluded by saying:

> Pursuant to the order made a few moments ago this bill stands for consideration at the report stage.

Mr. Deputy Speaker: The difficulty the Chair has, of course, as I indicated initially, is that it would appear the motion in the name of the hon. member for Saskatoon-Biggar is not procedurally in order. I suggested at that time that it does reach back into the act itself. It goes beyond the scope of the bill before the House for consideration.

Hon. members who have directed their remarks to assist the Chair on this matter have not quarrelled with that submission. Some of them have, however, on the

other hand, indicated that there was some degree of consent or agreement among hon. members and that this might be considered notwithstanding the fact that the Chair might find the motion is not in order procedurally. The hon. member for Regina East (Mr. Burton) has quoted *Hansard* of May 9 and the words of the House leader of the government, but I would think with respect, that those statements were predicated upon amendments being in order before they could be accepted unless there is consent of all hon. members.

I gather from the hon. member for Crowfoot (Mr. Horner) and the parliamentary secretary that there would not be such consent. In the absence of the consent of hon. members I would have to find, as I indicated earlier on the basis of the citation in May's Seventeenth Edition, page 549, that the amendment is not in order.

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, I am uncertain just how to handle this, but it seems to me as House leader for the New Democratic Party I have a point of privilege I must raise tomorrow with the government House leader. There was no suggestion earlier that consent would have to be obtained at a later stage to the moving of certain amendments. There was a clear understanding among the four House leaders that this bill would be advanced to the report stage on the understanding that members would be able to present at that stage the same amendments they were able to present at the last session, plus any others they might wish to present. This amendment is one that was presented at the last session. It was in order then because it was simply restoring something which had been taken out. I must say, if this is the result, we were taken in by the kind of agreement into which we entered as House leaders which in turn was confirmed by the House.

I feel very strongly that if you do not see fit to accept this amendment tonight, the matter should stand until we have a discussion among House leaders. We get along very well and when the four of us reach agreements those agreements stand. I do not quarrel with the right of the hon. member for Crowfoot (Mr. Horner) and the Parliamentary Secretary to the Minister of Agriculture (Mr. Lessard) to oppose the matter in principle, but there is not any doubt in my mind concerning the agreement reached. If I may say so, one reason the bill concerning the Northern Canada Power Commission is still standing as a notice and has not been proceeded with is that the same type of agreement sought in respect of it was not reached. But in the case of Bill C-204 the agreement was clear and iron-clad. If Your Honour feels that the procedural niceties do not allow the Chair to accept it, I suggest it be allowed to stand until the House leaders clear the matter.

Mr. Baldwin: Mr. Speaker, I must say I would probably be opposed to the amendment moved and yet I must also say that in my view the hon. member for Winnipeg North Centre (Mr. Knowles) has stated in essence what I thought was the understanding, that is, that hon. members would be able to offer amendments at the report stage in the way in which the hon. member indicated.

I have not had an opportunity to look into this thoroughly, but I notice there is an amendment at the report stage standing in the name of the minister. It would appear to deal with sections in the act which are not covered by the amending bill. I am referring to amendment No. 2. I may be wrong but it strikes me, on the basis of the reasoning of the Chair, that we must only look at amendments at the report stage which can be related to the amending bill before the House. If that is the case, I wonder whether amendment No. 2 of the minister is in order.

Mr. Lang: Mr. Speaker, on the question of privilege I should like to confirm that my understanding certainly agrees with that of the hon. member for Winnipeg North Centre (Mr. Knowles). Perhaps I might on this question of privilege draw Your Honour's attention to the fact that the reference of the extension of the act to rapeseed, flax and rye does not appear in the bill. I take it that it appears in this form because that was the original form of the recommendation to support the amendment.

I say to the hon. member for Crowfoot (Mr. Horner) and to the parliamentary secretary that I would propose in due course to urge my colleagues to vote against the amendment, not because I am against it in principle but because of the nature of the deliberations which took place upon it. That, however, is a different issue. I hope at this stage we might go to the substance of the amendment knowing that the history of the matter is as the hon. member for Winnipeg North Centre says. That was the understanding concerning the bill at the report stage.

Mr. Horner: Mr. Speaker, I have one further comment. In respect of your words to the effect that this amendment goes beyond the context of the bill before us, may I say that while it may not have gone beyond the context of the original bill before the committee it now, in your words, goes beyond the context certainly of amendments at the report stage. If this is so, conceivably it is out of order.

While I know good will must prevail between the House leaders of the various parties, I would suggest at this late hour that perhaps the best way in which to proceed would be to call it ten o'clock and let the House leaders meet again to discuss the pertinent points. Then we could proceed tomorrow with a better understanding of how to deal with the suggested amendment.

[*Translation*]

Mr. Marcel Lessard (Parliamentary Secretary to Minister of Agriculture): Mr. Speaker, after listening to what the hon. minister has just said concerning the position which may be taken when the bill is examined, I have no objection to this amendment being debated, except that I reserve the support which, for intance, I may give to the said amendment.

• (2150)

[*English*]

Mr. Benjamin: Mr. Speaker, with respect may I add one further point. I say this not in criticism of the Chair but perhaps in criticism of all of us here. It seems to me that when the amendment at the report stage appeared on the order paper, as this one did in the previous session, at no point in time did anyone in this chamber draw to the attention of the hon. member for Saskatoon-Biggar (Mr. Gleave) that his motion might be out of order. After all the time that has elapsed, surely the motion should be

allowed, if for no other reason than that it was not ruled out of order, and we must at least allow the motion to proceed to a vote.

Mr. Deputy Speaker: It seems to the Chair that the situation is as I indicated earlier, that from the point of view of strict procedure I have considerable doubt as to the acceptability of the motion. Hon. members have referred the Chair to discussions at another time among hon. members. May I point out, with respect, that the Chair has the responsibility to rule on the procedural acceptability of motions such as this. Normally consideration is given to motions when they come before the House for debate.

I have indicated the ruling I would make but am not anxious to make a ruling now, if hon. members would prefer that I defer it. If it is the wish of the House, as was suggested by the hon. member for Regina-Lake Centre (Mr. Benjamin), the Minister of Justice (Mr. Lang) and the hon. member for Peace River (Mr. Baldwin) who are generally in accord, I will defer my ruling until the next time the matter comes before the House.

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, I am sure the House would be pleased if you would do that. When you are giving further thought to your ruling, I wonder if you would take into account in a particular way the point just made by the Minister of Justice regarding the royal recommendation. I draw your attention to the fact that he was speaking not only about the royal recommendation in last session's bill but about the royal recommendation that is attached to this session's Bill C-204 in which there is a reference which reads, "to extend application of the act to flaxseed, rye and rapeseed".

As the Minister of Justice has pointed out, in the bill as it is before us, which is in the form in which it was reported from the committee last session, there is no such reference. So as I tried to say before, we are dealing not with a situation that is governed by the normal rules but with a situation that is governed by the fact that we have carried over a matter from one session to another and have done it by a clearcut understanding among the House leaders of all parties. If Your Honour will give the matter consideration overnight, perhaps we can deal with it more acceptably the next time it comes up.

Mr. Deputy Speaker: With respect to the point raised by the hon. member for Winnipeg North Centre, may I say that I am aware of the terms of the recommendation but that is not the basis on which I feel that the motion is not in order. I indicated that I thought it went beyond the scope of the bill before the committee.

I consider that in so far as the royal recommendation is concerned, there would probably be no objection on that point. I feel that whatever hon. members, through the House leaders, think they should do is a matter for them to consider. In so far as the Chair is concerned, as I have indicated I will defer my ruling if it is necessary to make it. However, I would prefer hon. members, through the House leaders, to give this matter further consideration and when the matter comes before the House, to indicate to the Chair if any agreement has been reached.

Mr. Knowles (Winnipeg North Centre): Ten o'clock, Mr. Speaker.

Mr. Deputy Speaker: Is this agreed?

Some hon. Members: Agreed.

PROCEEDINGS ON ADJOURNMENT MOTION

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

GRAIN—REQUEST FOR FORGIVENESS OF OVERPAYMENTS TO FARMERS IN LIGHT OF FORGIVENESS OF DUTIES AND TAXES OWING BY CAR MANUFACTURER

Mr. Bill Knight (Assiniboia): Mr. Speaker, on May 25 I asked the minister in charge of the Wheat Board the following question:

> Mr. Speaker, I have a question for the Minister of Justice who is also in charge of the Canadian Wheat Board. In view of the fact that a major car manufacturer owes the Crown $6 million in duties and sales tax and that this debt is to be forgiven, I wonder whether the minister or the government would give consideration to a similar forgiveness of overpayments to farmers, as described in the Auditor General's report?

The answer I received was extremely insufficient and incorrect. The minister said:

> Mr. Speaker, I do not see the connection between the two situations described by the hon. member.

I think this points out a lack of continuity in government policy. There are certain groups in our society which are put into a privileged position, such as the large automotive industry, especially in terms of a company that ships cars from the United States. They receive a write-off of $6 million, but the farmer who is affected, as reported in paragraph 64 of the Auditor General's report, by the wheat inventory reduction payments is not in the same position.

The Auditor General's report sets out a number of weaknesses and inconsistencies in the administration of this program. The department has established that some 4,000 farmers have been overpaid approximately $540,000. Of this, $177,000 has been recovered and attempts are being made to recover the remainder.

When it comes to the complaints of farmers in western Canada we are in a situation where 4,000 of them will have to repay the overpayments. This is the position under the Lift program due to misadministration of the government. Yet the government is writing off $6 million for a large corporation. That is the inconsistency of the government. They are the financial backers of this government; let there be no question about that.

Throughout his report we see all kinds of inconsistencies pointed out by the Auditor General. In paragraph 69, on the cost of unused accommodation in Ottawa, we find that $32,000 was spent for unoccupied space in moving the Canada Council to new accommodation. In paragraph 73, on royalties not reported by a foreign licensee, we find

that because the royalty portion of the licensee's selling price has been withheld by a foreign government agency, the licensee has not reported sales on which approximately $118,000 in royalties should have accrued to Canadian Patents and Development Limited.

In paragraph 77, on indirect compensation to chartered banks, we find that government deposits aggregating $100 million remain at the disposal of the chartered banks free of charge without the approval of Parliament. At the same time, there is inconsistency on the part of the government when they drag the court 4,000 farmers in this land because of the misadministration of PFRA by the Department of Agriculture. We as Members of Parliament should be pleased that the Auditor General points out these inconsistencies and we should be happy to have the opportunity to read his report.

On page 4 of the Auditor General's report we find that the government is trying to cut back on the services available to the Auditor General to look at government expenses. He points out that there has been a downgrading of senior staff positions and says:

> In my opinion, this action by the Treasury Board secretariat is unfair and discriminates against the Auditor General. It should be corrected forthwith. If it is allowed to stand it will mean that his office is prevented from employing auditors in the highest classification in the public service of Canada. It will also mean that in order to reach the highest classification in their profession, his most experienced auditors must leave the office of the Auditor General.
>
> This action points up more clearly than anything else that if the Auditor General of Canada is to be truly independent he must be free to recruit the staff he needs and to determine their salary levels within the framework of the public service of Canada.

Not only is the Auditor General the most important employee of Parliament but it is a fact that the government is making moves to undercut his position. It is in this report that Members of Parliament such as myself can find the inconsistencies of this government in how it handles revenue. The report points out time and time again the kind of inconsistencies that have occurred.

• (2200)

This is money set aside, budgeted and not spent, built up to over $200 million, to which the government has access for spending on any kind of program it sees fit, without direct action by Parliament. It is a nice chunk of pie ready to be served to the people of Canada before a general election.

Mr. Marcel Lessard (Parliamentary Secretary to Minister of Agriculture): Mr. Speaker, the hon. member in directing his original question to the Minister of Justice (Mr. Lang) sought to draw a parallel between two distinctly different circumstances. The situations mentioned were the Canada-United States automotive agreement on the one hand and the Operation Lift program on the other. The minister in his reply stated that he could see no connection between the two situations and frankly, Mr. Speaker, neither can I.

Although the Canada-United States auto agreement is not administered by the Canadian Department of Agriculture, perhaps I may still reply to that part of the hon. member's question which pertains to this agreement. It is my understanding that this agreement was based on the principle of free trade. As such it did not envisage collection of duty or sales tax by either party. The amount the hon. member interprets as being a direct liability is, in my understanding, what has been referred to as a contingent liability, not a direct liability nor an outstanding debt owing.

The overpayments to farmers are examples of direct liabilities and as such are quite different both in terms of accounting principles and of actual fact. Under the terms of the Lift program, farmers who elected to participate in the program were paid a specific amount for each acre taken out of wheat production, with an additional payment made when this acreage was diverted to perennial forage production. These payments were made subject to a definite set of governing regulations.

I am certain the hon. member is well aware of the reasons behind the Lift program and I need not go into them in detail. However, I should like to mention the fact that the government, in an attempt to put needed cash into the hands of farmers as soon as possible, made advance interim payments to farmers who submitted claims. Final payments were made when on-farm inspections had been made. Some overpayments did result. Some of these overpayments arose out of arithmetical errors and misunderstanding of the regulations. In other cases there were definite inconsistencies when the actual farm inspections were made.

In conclusion, and to answer the hon. member's question, the government does not intend to forgive or write-off these overpayments. Rather, we have already collected much of the amount owing and have been, and are, judging each outstanding case on its own merits. Where, according to the regulations, recovery is justifiable we shall attempt to collect the full amount owing.

PENITENTIARIES—SUSPENSION OF REGULATION MAKING INMATES FINANCIALLY RESPONSIBLE FOR WILFUL DAMAGE TO POPERTY

Mr. A. D. Alkenbrack (Frontenac-Lennox and Addington): Mr. Speaker, I bring a question before this House tonight which is of vital importance to Parliament, to our penal system and to all Canadian taxpayers. It arises from a sequence of events at Millhaven penitentiary in my riding. During the first week of May a hunger strike and riot were staged by certain inmates, and in the latter action these persons wilfully destroyed an estimated $4,000 worth of federal property, namely, the plumbing in that institution. As a result of this, on May 16 I asked the Solicitor General (Mr. Goyer) the following question:

> Mr. Speaker, I have a question for the Solicitor General on a subject which has aroused public opinion regarding certain happenings in our penal system. Can the minister inform the House and give his assessment of the extent of damage done by certain inmates of Millhaven penitentiary last week when in a reported protest or strike they wilfully destroyed an estimated $4,000 worth of federal property in that new prison?

The minister said he would be happy to look into the matter. I asked him a supplementary question as follows:

> In view of the minister's new but ill-advised policy of full wages for inmates, will he not deduct the amount of damages from their wages?

You will note, Mr. Speaker, that the Solicitor General said he would be happy to look into the matter. I now draw your attention to another document, a news item which appeared in the Kingston *Whig Standard* four days later, on May 20. I will quote from it. It shows that the minister must have looked into the matter, but in a manner harmful and detrimental to the interests of the Canadian public and not in keeping with the protection of persons and property. I quote from the *Whig Standard* the article headlined, "Prisons suspend rule":

> The Commissioner of Penitentiaries has suspended a regulation that requires inmates of federal prisons to pay for damage done to prison property.
>
> The regulation states that when an inmate damages government property he may be financially liable for the full cost or a portion of the cost of repairing the damage.

Regional director John Moloney acknowledged Friday that inmates no longer had to pay. This is a "recent innovation" he said. He did not know why the regulation was suspended.

> In the past, inmates made good the damage out of pay credits. They could be deprived of pay up to three months if necessary, but at that time their case was automatically reviewed.

The publishing of this latest piece of policy emanating from the office of the Solicitor General compelled me to ask another question in the House on May 30, which has brought us to this confrontation tonight. Public opinion in my constituency is aroused over this latest policy or desertion of policy on the part of the Solicitor General and his department. I asked, as recorded at page 2675 of *Hansard* for May 30, the following question:

> Mr. Speaker, my question is for the Solicitor General and it deals with a matter I asked the minister about on May 16 concerning deduction of amounts of damages done by inmates to prison property from the salaries of prisoners in federal institutions. On May 20 the regulation holding prisoners financially responsible for wilful damage to prison property was suspended. Would the minister tell the House who authorized that directive?

It has always been an axiom of the common law that Canadians shall be held responsible for damage they do to persons and property. The law applies as well to persons in our penitentiaries and we must uphold especially the regulations governing those persons. Neither the Commissioner of Penitentiaries nor the Solicitor General have the power to change this law. How crazy can the government get in implementing its permissive society?

The Prime Minister (Mr. Trudeau) and the Solicitor General are now projecting their version of the permissive society even into the prisons. Now, under their policy, a person convicted of crime and incarcerated in an institution is a privileged person. The suspension of this time-honoured regulation will only invite wilful damage and vandalism, encourage more riots and discourage the recruitment of guards for the penal service. The guards at present face a tough enough time. There is no need to make it tougher for them to maintain order and to perform their duties in our prisons.

The cost of Millhaven prison, the most commodious and modern in Canada, will be over $20 million when completed. According to the evidence I have placed before you, and according to reports of speeches alleged to have been made by the Solicitor General in western Canada, he and the Prime Minister are following dangerous policies and are now saying to the criminal elements of Canada, "We honour you in our participatory democracy. We are removing most of the deterrents to your chosen vocation of crime. If you go to prison, we will give you a better standard of living than many taxpaying Canadians enjoy. You can destroy all the property you like; we will not hold you morally or financially responsible. The taxpayer will pay for your damages. We will also restore to you your privileges and in your commodious quarters we will make the taxpayer restore whatever you destroy. You can retain the salaries which we will pay you and thumb your noses at the judges of the courts who sent you here, for you may soon have a privilege that they do not possess, that of the franchise."

May I remind the Solicitor General, Mr. Speaker, that the law of Canada stipulates that we shall at all times maintain the protection of persons and property. It is for this very reason that the Solicitor General's office exists. On behalf of the Canadian people I demand that the minister reveal who authorized this relaxation of law as evidenced in the directive in question. Originally, the director said he did not know why the regulation was suspended. This House and the Canadian people are quite sure that the Solicitor General knows why. The Canadian people are sick of and disgusted with the permissive policies of this government and its failure to govern. They are revolted by the abandonment of well-founded principles and deterrents which used to be assured by law, and they deplore the sick society which has resulted.

Mr. Douglas A. Hogarth (Parliamentary Secretary to Solicitor General): Mr. Speaker, as usual the hon. member of the opposition is only half right. He suggested that the damage in Millhaven amounted to $4,000; actually, it amounted to $2,200.

Mr. Alkenbrack: I said the amount was estimated.

Mr. Hogarth: Then is $4,000 an estimate of $2,200 worth of damage?

An hon. Member: You must take inflation into account.

Mr. Hogarth: May I point out, to correct the hon. member further, that there is no intention on the part of the Solicitor General to relieve any individual inmate from responsibility for civil damages or property destroyed or damaged in our penitentiaries. What has been decided is that the collection of such damages will no longer be pursued merely on the basis of an administrative directive from the commissioner. Henceforth, in appropriate cases collection of such damages will be pursued by a regulation appropriately passed under the provisions of the Penetentiaries Act or, in the alternative, by civil process in the courts of ordinary civil jurisdiction.

• (2210)

MANPOWER—LOCAL INITIATIVES PROGRAM—RESPONSE TO REQUESTS FOR ADDITIONAL FUNDS AND EXTENSION OF TIME FOR COMPLETION OF PROJECT

Mr. Jack Marshall (Humber-St. George's-St. Barbe): Mr. Speaker, today I asked the Parliamentary Secretary to the Minister of Manpower and Immigration (Mr. Perrault) if any consideration would be given by the government to

providing more funds to municipalities or groups to complete projects which were approved under the Local Initiatives Program and, through underestimating the project, cannot complete same due to lack of funds.

For some reason or other the congenial parliamentary secretary continued to avoid the import of the question and instead, for the benefit of his party, said what glad tidings he had for us about what the government is doing. Tonight I am going to surprise him and say that I think the Local Initiatives Program is good. I give full marks to the government for introducing it, but unfortunately they made a few errors, which anyone can make, and I am going to try to help the parliamentary secretary and the minister overcome these weaknesses.

My question was prompted by several representations made to me because projects which were approved could not be completed due to the fact that costs were underestimated. This is going to leave a good number of projects incomplete and, therefore, the value of such projects and their benefits will be lost. Indeed, the money so far allocated will be wasted. In this regard, I feel it imperative that a good, hard look be given immediately to all projects in order to assess and ensure successful completion.

While I have the opportunity, I think it is worth while to put forth some ideas to the government in line with the Local Initiatives Program. In my opinion, the federal government should broaden the concept of the Local Initiatives Program into a five-year national development plan to strengthen provincial and municipal infrastructures. Every community in Canada requires basic public services such as water and sewage, access roads, fishing facilities, standard housing conditions, medical services, day-care centres and the like. The government should give consideration to providing a program, through the coordination of all departments concerned, to work in cooperation with all levels of government to provide the funds through local initiative to achieve these goals.

If consideration were given to such a proposal, the departments of government concerned could allocate funds from their votes in ensuing years to support local initiative. Not only would public services be provided but it would instil a sense of local participation, pride in one's community and a sense of comradeship and community spirit to make a better Canada.

The Minister of Manpower and Immigration (Mr. Mackasey) accepted a suggestion that I made in the House a couple of weeks ago that Fisheries and Public Works collaborate with his department to develop a type of project similar to the Local Initiatives Program to allow fishermen to provide new inshore facilities. The minister, whom I admire for his non-partisanship, accepted the idea. I hope something will be forthcoming in this area.

This idea could be broadened to take into account all phases of community infrastructure services with the involvement of local people. This would create a sense of involvement which would contribute toward the objectives of a better Canadian nation. One of the most important problems in our nation today is that of controlling pollution. The government is prepared to spend billions of dollars in this area but it seems to fail to realize that basic control should be directed at the root of the problems in the area of proper sanitation control in communities.

[Mr. Marshall.]

I have another example. Submissions were advanced by the score in connection with the provision of fishing facilities. They were turned down on the grounds that extended facilities were not justified. Yet similar projects have been approved under the terms of the Local Initiatives Program. This emphasizes the confusion which surrounds the disbursement of government funds and the duplication of effort which occurs. Far better results could be achieved through a combination of effort on the part of all levels of government.

In this connection, I ask the parliamentary secretary to suggest to the minister that when the cabinet next meets it should consider the proposal that the subject of local initiatives programs be placed on the agenda of the federal-provincial-municipal conference to take place this fall. If he needs any help from the opposition, I am ready and willing to assist him in any way possible.

Mr. Ray Perrault (Parliamentary Secretary to Minister of Manpower and Immigration): Mr. Speaker, on behalf of the minister I wish to thank the hon. member for setting forth certain of his ideas with respect to the Local Initiatives Program. As he knows, the government is very responsive to good ideas from whatever direction. As well, I welcome the enthusiastic support accorded to the Local Initiatives Program by the hon. member speaking for the official opposition. This is especially heartening in view of the earlier criticism voiced by one or two of his colleagues on the basis of incorrect information.

As of June 5 the department has granted an extension of time in respect of 1,396 projects to allow them to be completed to the extent of the funds which have been allocated to them. These extensions have been allowed to June 16 and are in line with the minister's announcement made on May 1. Furthermore, the minister stated on June 2 that an additional $30 million allocated to the Local Initiatives Program would permit some 1,200 projects to be extended to September 30, keeping some 15,000 persons at work until the end of the summer. I know the hon. member will greet this news with real enthusiasm.

The minister has indicated already that the criteria for selecting the extended projects will, in general, favour the quality of life over job creativity. In this regard, I understand there have been 11 extensions involving an amount of almost $300,000 in the great province of Newfoundland alone. The manpower and immigration department has issued a first list of the projects extended during the summer; it contains some 730 names. That was on June 2, and the number will be greater by now. It is expected that all the 1,200 contract extensions will have been signed within a few days.

The original $150 million program created 92,500 jobs during the winter, far in excess of the number predicted by certain members of the opposition. One hundred million dollars was allocated to projects promoted by private organizations and $50 million to projects sponsored by municipal councils. Most of the extended projects are private ones.

Motion agreed to and the House adjourned at 10.20 p.m.

APPENDIX

May 31, 1972

NORTH ATLANTIC COUNCIL, BONN, MAY 30-31, 1972
FINAL COMMUNIQUE

The North Atlantic Council met in Ministerial Session in Bonn on 30th and 31st May 1972.

2. Ministers reaffirmed that the purpose of the Alliance is to preserve the freedom and security of all its members. Defence and the relaxation of tension are inseparably linked. The solidarity of the Alliance is indispensable in this respect. Allied Governments seek an improvement in their relations with the countries of Eastern Europe and aim at a just and durable peace which would overcome the division of Germany and foster security in Europe.

3. Ministers noted progress in relations between Western and Eastern countries, increasing contacts between the leaders of these countries, and the conclusion of important agreements and arrangements. They welcomed these developments flowing from major initiatives undertaken by their governments, which had full and timely consultations on these subjects. Such consultations will continue.

4. Ministers welcomed the signing by the United States and the USSR of the Treaty on the Limitation of Anti-Ballistic Missile Systems and the interim agreement on Certain Measures with respect to the Limitation of Strategic Offensive Arms. They believe these two agreements limiting the strategic arms of the United States and the USSR will contribute to strategic stability, significantly strengthen international confidence and reduce the danger of nuclear war. Ministers also welcomed the commitment by the United States and the USSR actively to continue negotiations on limiting strategic arms. They expressed the hope that these two agreements will be the beginning of a new and promising era of negotiations in the arms control field.

5. Ministers noted with satisfaction that the Treaty of August 12, 1970, between the Federal Republic of Germany and the USSR and the Treaty of December 7, 1970, between the Federal Republic of Germany and the Polish People's Republic are to enter into force in the near future. They reaffirmed their opinion that these treaties are important, both as contributions towards the relaxation of tension in Europe and as elements of the modus vivendi which the Federal Republic of Germany wishes to establish with its Eastern neighbours. Ministers welcomed the declaration of May 17 in which the Federal Republic of Germany confirmed its policy to this end and reaffirmed its loyalty to the Atlantic Alliance as the basis of its security and freedom. They noted that it remains the policy of the Federal Republic of Germany to work for circumstances of peace in Europe in which the Germany people, in free self-determination, can recover their unity; and that the existing treaties and agreements to which the Federal Republic of Germany is a party and the rights and responsibilities of the four powers relating to Berlin and Germany as a whole remain unaffected.

6. Ministers also welcomed the progress made since their last meeting in the talks between the Federal Republic of Germany and the GDR. They regard the conclusion of the agreements and arrangements between the competent German authorities, which supplement the Quadripartite Agreement on Berlin on September 3, 1971, as well as the signature of a Treaty on Questions of Traffic between the Federal Republic of Germany and the GDR, as important steps in the effort to improve the situation in Germany. They thus feel encouraged in the hope that, in further negotiations between the Federal Republic of Germany and the GDR, agreement might be reached on more comprehensive arrangements which would take into account the special situation in Germany.

7. Ministers noted with satisfaction that the Governments of France, the United Kingdom, the United States and the USSR have arranged to sign the Final Protocol to the Quadripartite Agreement. The entry into force of the entire Berlin Agreement being thus assured, the Ministers hope that a new era can begin for Berlin, free of the tension that has marked its history for the past quarter century.

8. In the light of these favourable developments, Ministers agreed to enter into multilateral conversations concerned with preparations for a Conference on Security and Co-operation in Europe. They accepted with gratitude the proposal of the Finnish Government to act as host for such talks in Helsinki at the level of Heads of Mission under the conditions set out in its aide-mémoire of November 24, 1970. Accordingly, they decided to work out with other interested governments the necessary arrangements for beginning the multilateral preparatory talks.

9. Ministers stated that the aim of allied governments at the multilateral preparatory talks would be to ensure that their proposals were fully considered at a conference and to establish that enough common ground existed among the participants to warrant reasonable expectations that a conference would produce satisfactory results.

10. Prepared in this way, a Conference on Security and Co-operation in Europe should constitute an important factor in the process of reducing tension. It should help to eliminate obstacles to closer relations and co-operation among the participants while maintaining the security of all. Allied governments look forward to a serious examination of the real problems at issue and to a conference which would yield practical results.

11. Ministers considered that in the interests of security the examination at a CSCE of appropriate measures including certain military measures aimed at strengthening confidence and increasing stability would contribute to the process of reducing the dangers of military confrontation.

12. Ministers noted the Report of the Council in Permanent Session concerning a Conference on Security and Co-operation in Europe. The Report examined the issues which might be included on the Agenda of a Conference as set forth in paragraph 13 of the Brussels Communique of December 10, 1971, as well as the procedural questions relating to the convening of a Conference. Ministers directed the Council in Parmanent Session to develop further its substantive and procedural studies in preparation for a Conference.

13. Ministers representing countries which participate in NATO's Integrated Defence Programme recalled the offers to discuss mutual and balanced force reductions which they had made at Reykjavik in 1968, at Rome in 1970 and subsequently reaffirmed.

14. These Ministers continue to aim at negotiations on mutual and balanced force reductions and related measures. They believe that these negotiations should be conducted on a multilateral basis and be preceded by suitable explorations. They regretted that Soviet Government has failed to respond to the Allied offer of October, 1971 to enter into exploratory talks. They, therefore, now propose that multilateral explorations on mutual and balanced force reductions be undertaken as soon as practicable either before or in parallel with multilateral preparatory talks on a Conference on Security and Co-operation in Europe.

15. These Ministers noted the studies conducted since their last meeting on political, military and technical aspects of mutual and balanced force reductions. They instructed the Permanent Representatives to continue this work in preparation for eventual negotiations.

16. These Ministers stated that the present military balance of forces in Europe does not allow a unilateral relaxation of the defence efforts of the allies. Unilateral force reductions would detract from the Alliance's efforts to achieve greater stability and détente and would jeopardize the prospects for mutual and balanced force reductions.

17. Ministers took note of a report by the Council in Parmanent Session on the situation in the Mediterranean. They expressed their concern regarding the factors of instability in the area which could endanger the security of the members of the Alliance. They instructed the Council in Permanent Session to follow closely the evolution of the situation and to report to them at their next meeting.

18. The next Ministerial Session of NAC will be held in Brussels in December 1972.

19. Ministers requested the Foreign Minister of Luxembourg to transmit this communique on their behalf through diplomatic channels to all other interested parties, including neutral and non-aligned governments.

HOUSE OF COMMONS

Tuesday, June 6, 1972

The House met at 2 p.m.

HOUSE OF COMMONS

TABLING OF EXTRACT FROM MINUTES OF MEETING OF COMMISSIONERS OF INTERNAL ECONOMY, APRIL 24, 1972

Mr. Speaker: I have the honour to lay upon the table an extract from the minutes of a meeting of the Commissioners of Internal Economy, held April 24, 1972, concerning salary revisions of the staff of the House of Commons.

ROUTINE PROCEEDINGS

HOUSE OF COMMONS

PRESENTATION OF PETITION OF HERMAN WEISZ

Mr. Andrew Brewin (Greenwood): Mr. Speaker, pursuant to Standing Order 70 I present to the House the petition of one Herman Weisz, endorsed by myself. The petition humbly prays that the House should cause the person or persons responsible for the—

Mr. Speaker: Order, please. The hon. member's right under the Standing Order is simply to present the petition. No explanation is required. He simply indicates that he is tabling the petition, which will be studied between now and tomorrow. There is no provision in the standing order to permit an explanation of what the petition is about.

Mr. Brewin: Very well, Mr. Speaker. I present the petition.

* * *

POLLUTION

POLLUTION OF CANADIAN SHORE BY CHERRY POINT OIL SPILL—REQUEST FOR UNANIMOUS CONSENT TO MOVE MOTION UNDER S.O. 43

Mr. David MacDonald (Egmont): Mr. Speaker, I rise under the terms of Standing Order 43 to move a motion in a case of urgent and pressing necessity. The subject matter has to do with the oil spill which occurred last Sunday at the ARCO oil refinery at Cherry Point, Washington, which is now being carried by the tides and currents into Canadian waters and polluting Canadian shores south of Vancouver. I would hope the unanimous consent of the House would be given, in which case I would move the following motion, seconded by the hon. member for Calgary North (Mr. Woolliams):

That the Standing Committee on External Affairs and National Defence be empowered to examine and inquire into the oil spill at Cherry Point and the consequent infringement of Canadian sea and territorial sovereignty; and to relate its findings to studies on public hearings conducted on the west coast into the TAPS oil tanker route and oil transfer and refinery terminals; and to have power to travel from place to place both in Canada and elsewhere.

Since the Standing committee is now on the west coast, I would hope it might begin this inquiry immediately.

Mr. Speaker: Order, please. The hon. member's proposed motion has been placed before the House under the terms of Standing Order 43 and requires unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

Mr. Speaker: There is not. Therefore the motion cannot be put at this time.

• (1410)

FOULING OF CRESCENT BEACH BY CHERRY POINT OIL SPILL—REQUEST FOR UNANIMOUS CONSENT TO MOVE MOTION UNDER S.O. 43

Mr. Barry Mather (Surrey-White Rock): Mr. Speaker, I rise to move a motion under the provisions of Standing Order 43. Having in mind the oil spill that occurred at Cherry Point, a few miles from the riding of Surrey-White Rock, which has resulted in oil slicks drifting ashore at or near Crescent Beach in that riding, I move, seconded by the hon. member for Comox-Alberni (Mr. Barnett):

(a) That this House approve immediate federal action to help clean up and protect the affected area; (b) to provide that no economic loss be suffered by the people of that area; and (c) that what has happened be drawn forcefully to the attention of the government of the United States as constituting a small sample of the inevitable ecological dangers and disasters that will follow the transportation of oil by tanker along our western coast.

Mr. Speaker: This motion is also proposed to the House under the terms of Standing Order 43 and requires the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

Mr. Speaker: There is not unanimity. The motion cannot be put.

Inquiries of the Ministry

ORAL QUESTION PERIOD

POLLUTION

CHERRY POINT OIL SPILL—ARRANGEMENTS WITH UNITED STATES RESPECTING CLEAN-UP IN WATERS OFF PACIFIC COAST

Hon. Robert L. Stanfield (Leader of the Opposition): Mr. Speaker, I have a question for the Minister of Transport arising out of the oil spill at Cherry Point which I understand took place in United States waters but part of which has moved into Canadian waters. I assume that the minister is doing everything possible to clean it up, but may I ask him whether there are any joint arrangements in existence between Canada and the United States to deal with oil spills in those waters?

Hon. Donald C. Jamieson (Minister of Transport): Yes, Mr. Speaker. In the sense of technical co-operation between officials or special agencies of the governments of both countries there is a co-operative arrangement, and this is in effect in the case of the present incident.

CHERRY POINT OIL SPILL—POSSIBILITY OF PROTEST TO U.S. GOVERNMENT—PROGRESS ON ESTABLISHMENT OF JOINT AUTHORITY OVER WATERS OFF PACIFIC COAST

Hon. Robert L. Stanfield (Leader of the Opposition): In view of the fact that this oil spill appears to have drifted into Canadian waters, I should like to ask the minister whether any protest has been made to the United States authorities regarding their failure to prevent the drift of this spill into Canadian waters?

Hon. Donald C. Jamieson (Minister of Transport): Not as of this moment, as far as I am aware. I think the question might more appropriately be addressed to the Secretary of State for External Affairs. I might add that the drift of the oil, as the Leader of the Opposition has stated, is precisely what we had forecast. In other words, the scientific and other people had indicated that a spill there would, under certain circumstances, tend to drift into Canadian waters, and this confirms our concern over the whole project.

Mr. Stanfield: Does the minister propose to recommend to the Secretary of State for External Affairs that a protest be made, since presumably he would to some extent act on the minister's advice in this matter? I should also like to ask the minister or the Prime Minister, if this question is outside the minister's jurisdiction, whether any progress has been made on the Canadian proposal that a joint U.S.-Canada authority be established in that general area over these waters, be it the International Joint Commission or some such body? I believe such a proposal has been made. Has any progress been made regarding its implementation?

Mr. Jamieson: Mr. Speaker, in the first instance, I think it has been made abundantly clear by the government of Canada and, indeed, by this House that it is our judgment these large tankers ought not to follow the so-called Cherry Point route. This information has, of course, been conveyed to the United States government. About all I can add at the moment is that at informal discussions in Washington last Thursday I reaffirmed this view and expressed the willingness of the government of Canada to co-operate in every way in the event the United States did not see fit to take note of our original representations.

[Mr. Speaker.]

Mr. Speaker: Order, please. The Chair will, of course, recognize the hon. Leader of the Opposition on a supplementary question, but I think in all fairness I ought then to recognize the hon. member for Surrey-White Rock.

Mr. Stanfield: Thank you, Mr. Speaker. I should like to ask the minister whether he will answer the earlier part of that long question. Does he intend to recommend that a protest be made, based on the failure of the United States to clean up that spill before the oil came into Canadian waters?

Mr. Jamieson: Mr. Speaker, I think the choice of words might be somewhat different in the sense that I will certainly, by means of the various marine channels through which I work, indicate to the parties responsible our disappointment that they have not done this as rapidly as perhaps might have been possible. On the other hand, I say that with the qualification that I believe the United States authorities were on the spot very quickly and, to the best of my knowledge and from a technical standpoint, they have been doing everything possible to prevent the oil spill from spreading.

CHERRY POINT OIL SPILL—REQUEST FOR AID TO B.C. MUNICIPALITIES AFFECTED TO CONTAIN OIL SLICK

Mr. Barry Mather (Surrey-White Rock): Mr. Speaker, I have a supplementary question for the Minister of Transport. Having in mind information I have just received that in the area affected the oil slick is now approximately one mile in length from Crescent Beach to White Rock with a width of ten feet, and in view of the fact 100 to 150 people are mobilized there trying to keep the beaches clear of the oil slick as much as possible, will the minister undertake to give every immediate aid requested by the municipalities or the people of that area?

Hon. Donald C. Jamieson (Minister of Transport): The answer to the question is an unqualified yes, Mr. Speaker. In fact, our people are already on the scene using all of the devices we had originally put in place in that area to take care of a contingency such as this.

RESPONSE OF U.S. GOVERNMENT TO RESOLUTION OF HOUSE RESPECTING PROPOSED TAPS TANKER ROUTE

Mr. Barry Mather (Surrey-White Rock): I have a final supplementary question for the right hon. Prime Minister, Mr. Speaker. Will he indicate what response has been received from the United States government to the motion unanimously approved some weeks ago by hon. members of this House, calling attention to the dangers involved in the carriage of oil through those straits, which presumably was transmitted to the United States government?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, in a sense the response to the concern expressed not only by the government and the House but by many people across the country is the fact that when President Nixon

and I met several weeks ago we discussed this very matter, at which time I indicated ways in which I thought the International Joint Commission could be brought into service to control spills on the east and west coasts. The President agreed that we should discuss this very matter. The Minister of Transport has just said that discussions along these lines at the official level did take place last week. We hope that this present event will indicate even more strongly to the United States that our fears were not without foundation.

OIL SPILLS—REQUEST THAT PRIVATE MEMBERS' MOTIONS AND BILLS PERTAINING TO PREVENTION BE REFERRED TO COMMITTEE

Mr. D. W. Groos (Victoria): Mr. Speaker, my question is for the government House leader. Will he take this comparatively minor oil spill at Cherry Point as an indication of the seriousness of the problem which both Canada and the United States face and send all private members' notices of motions and private members' bills pertaining to the prevention of such accidents to the appropriate standing committees of the House for study and action? While I am on my feet, Mr. Speaker—

Some hon. Members: Order!

Mr. Speaker: Order, please.

An hon. Member: You are not on your feet.

Mr. Speaker: Order, please. I wonder whether we might proceed in an orderly fashion by allowing the minister to reply to the original question, and when the hon. member is on his feet again he may ask a supplementary.

Hon. Allan J. MacEachen (President of the Privy Council): Yes, Mr. Speaker, I am already giving consideration to that proposal.

Mr. Speaker: The hon. member may now resume his feet.

Mr. Groos: Thank you, Mr. Speaker. Now that I am on my feet again, may I draw your attention to the fact that today is the twenty-eighth anniversary of the allied landing in Normandy. In doing so, I hope I may remind hon. members that there is still plenty of peaceful action needed today on the pollution front.

• (1420)

UNITED STATES POSITION RESPECTING REFERENCE OF PROPOSED TAPS TANKER ROUTE TO INTERNATIONAL JOINT COMMISSION

Mr. T. C. Douglas (Nanaimo-Cowichan-The Islands): Mr. Speaker, I have a supplementary question for the Prime Minister. Has the government yet received any assurance from the United States government that it would be willing to submit the whole question of the Cherry Point and Strait of Juan de Fuca route to the International Joint Commission?

Right Hon. P. E. Trudeau (Prime Minister): No, Mr. Speaker, not to my knowledge, although I would have to confirm this with the Secretary of State for External Affairs. But as I said in my answer a moment ago, when I discussed the matter with the President he did indicate the willingness of his government to study this matter and see in what way we could best manage the problem of possible spills on the east and west coasts. I repeat that there have been meetings at the official level. There has been to my knowledge no official and final response from the United States government yet.

CHERRY POINT OIL SPILL—REPRESENTATIONS TO UNITED STATES RESPECTING POSSIBLE DAMAGE TO CANADIAN PROPERTY

Mr. Thomas S. Barnett (Comox-Alberni): Mr. Speaker, may I direct a supplementary question to the Prime Minister. When I addressed a question to the Secretary of State for External Affairs yesterday on the matter of the oil spill at Cherry Point he said he would look into the matter to see whether or not we have a case to take up with the United States. In light of the announcement of Canadian government policy that we will hold the United States responsible for any damage to Canadian property from such spills, can the Prime Minister indicate whether the Secretary of State for External Affairs has looked into this matter and is there any information he can give the House concerning action of that kind against the United States government?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I have not had a report on this since the Secretary of State for External Affairs spoke yesterday, but he will be in the House again this week and I am sure he will be glad to answer the question then.

Mr. Speaker: The Chair will recognize the hon. member for Egmont for a last supplementary on this subject and then go to the next matter.

CHERRY POINT OIL SPILL—REQUEST THAT COMMITTEE OF HOUSE NOW ON WEST COAST INVESTIGATE

Mr. David MacDonald (Egmont): Mr. Speaker, in view of the fact that the Parliament of this country has already expressed itself on this question and the fact that the Standing Committee on External Affairs and National Defence is now on the west coast, would the Prime Minister consider contacting the chairman of the committee to see if it might take some time from its agenda to study the matter directly in order to be able to report to the House and the government on any additional information available or any action that might be taken?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I am rather afraid the House would find it improper if I were to take it upon myself to give direction to a chairman of a parliamentary committee. If the House wants to give a direction it would be more proper for it to do so.

Inquiries of the Ministry

INDUSTRY

STEPS TO OVERCOME ALLEGED CONFLICT BETWEEN PROGRAMS AND REGULATIONS DESIGNED TO BENEFIT BUSINESS

Mr. David Lewis (York South): Mr. Speaker, I have a question for the Minister of Industry, Trade and Commerce arising out of a statement he is reported to have made that the government's programs and regulations designed for the benefit of business in Canada are not only numerous but also mutually conflicting and often work at cross-purposes. Can the minister tell the House briefly what steps he is taking to overcome this maze of conflicting and counter-productive regulations and plans the government is now working with?

Mr. Speaker: The minister would have to do this very briefly because the hon. member is inviting the minister to make a statement of a very general nature which normally should be made on motions. If the minister can reply briefly, he might be allowed the floor for that purpose.

Hon. Jean-Luc Pepin (Minister of Industry, Trade and Commerce): Mr. Speaker, simply by developing a better synchronization between departments of the federal government and between federal and provincial authorities; between governments and industry.

Mr. Lewis: Mr. Speaker, may I ask the minister how long he expects these consultations with business and labour and the various government departments and provincial governments to take and when he thinks he will be ready to announce a national policy with economic and social purposes for the programs he has in mind?

Mr. Pepin: If my hon. friend is referring to the development of a new industrial strategy. The best answer I can give is later rather than sooner.

Mr. Lewis: Mr. Speaker, may I ask the minister this question. I note his statement that it would be later rather than sooner, which is, of course, very encouraging to Canadians and Canada's economy. I should like to ask the minister whether he would undertake to make a statement to the House at an appropriate time in the next little while outlining precisely the programs which are now in conflict, work at cross-purposes and do not do their job from his point of view, so that members of the House may consider the obviously chaotic conditions over which he presides?

Mr. Pepin: Mr. Speaker, if all these problems were already solved there would be no need for an effort toward an improved industrial strategy. Solving conflicts is what we are trying to do now. I made a statement yesterday in Edmonton, copies of which are obviously available and will be available, which is the first effort on my part to define the problems. The Prime Minister and others have worked also at developing a process by which, in consultation with industry, labour and the provinces, we will develop in the coming months a clearer, better, improved industrial strategy, and I swear to God I will be working all summer at it.

Mr. Speaker: Order, please.

[Mr. Trudeau.]

[*Translation*]

AIR TRANSPORT

SECURITY MEASURES AT CANADIAN AIRPORTS TO PREVENT HIJACKING

Mr. Réal Caouette (Témiscamingue): Mr. Speaker, I wish to direct a question to the Minister of Transport.

Are additional security steps being taken in Canadian airports in connection with international flights throughout the world since the recent incident at Tel Aviv and others here and there in various countries?

[*English*]

Hon. Donald C. Jamieson (Minister of Transport): Yes, Mr. Speaker, I can assure the House and the hon. member that security measures of quite an intensive nature are now in effect at most major airports in Canada, particularly at Montreal. We are taking extraordinary measures with regard to flights destined for what might be described as delicate areas of the world where in recent times there have been some unfortunate incidents.

[*Translation*]

Mr. Caouette: I have a supplementary, Mr. Speaker.

At the beginning of April, at Orly airport, all passengers were searched before boarding an Air Canada plane. No matter whether or not a member, the search was carried on. Were those doing the searching employees of the Canadian government or of the French government?

[*English*]

Mr. Jamieson: I am afraid I would have to take that portion of the question as notice. To my knowledge, at foreign airports these people would be under the jurisdiction of the airlines concerned, but on the specific case in point I would have to ask the necessary questions of the Air Canada officials.

* * *

NATIONAL SECURITY

ALLEGED PRESENCE IN CANADA ON MARCH 4 OF KOZO OKAMOTO, LONE SURVIVOR OF ASSASSINS INVOLVED IN TEL AVIV AIRPORT MASSACRE

Mr. Eldon M. Woolliams (Calgary North): Mr. Speaker, my supplementary question is directed to the Solicitor General. Can he advise the House now whether Kozo Okamoto, the lone survivor of the group of three Japanese involved in the Tel Aviv Airport incident, was in Canada on March 4, 1972, what the nature of his acitvities was and, in particular, was he involved in activities with the FLQ?

[*Translation*]

Hon. Jean-Pierre Goyer (Solicitor General): Mr. Speaker, the question of finding out whether or not that individual was in Canada is now being investigated.

[*English*]

Mr. Woolliams: I did not rise immediately, Mr. Speaker, to ask my supplementary question because it took me a little while to get the answer of the minister through the

translation system. In view of the fact that the person in question may not have had a visa to enter Canada, after the investigation is completed would the minister be prepared to make a statement, particularly as a serious situation could develop at our airports such as has developed elsewhere?

[*Translation*]

Mr. Goyer: Of course, Mr. Speaker, if it is in the public interest.

* * *

[*English*]

ENVIRONMENTAL AFFAIRS

STEPS TO ENSURE CO-ORDINATION OF GOVERNMENT PROGRAMS

Mr. James A. McGrath (St. John's East): Mr. Speaker, I should like to direct my question to the Prime Minister. In view of the statement made in St. John's yesterday by the secretary of the Ministry of Science and Technology to the effect that there is no co-ordination of Canadian policies either in space or beneath the seas, and in view of the statement made in Stockholm yesterday by the Minister of the Environment that Canada was prepared to commit $100 million toward a world environmental program, what steps is the government taking to ensure that these programs are co-ordinated, either through the Minister of State for Science and Technology or through the Department of the Environment?

• (1430)

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, with regard to the second part of the question I might take this opportunity to indicate to the hon. member that a correction has been published in the press, correcting the first impression about the $100 million. I think the decision by the government, announced by the minister, is that if a fund in the area of $106 million were set up, under certain conditions with which the government could agree, then we would be prepared to contribute to it an amount of $5 million to $7 million. So much for the $100 million part of it, Mr. Speaker.

As to the co-ordination part of the question, yes, it is the very function of the new Ministry of Science and Technology to ensure that there be more and better co-ordination between all aspects of science and technology in Canada.

NEGOTIATIONS WITH UNITED STATES ON POSSIBILITY OF CONTINENTAL POLICY—CONSULTATION ON POSITIONS TO BE TAKEN AT STOCKHOLM CONFERENCE

Mr. James A. McGrath (St. John's East): What efforts have been made to achieve some kind of continental environmental policy with the United States? I ask this in view of what appears to be opposition by the Americans to the position we are taking at the Stockholm conference.

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I think the hon. member merely has to recall the very successful meeting I had with President Nixon a few weeks ago on this very subject.

Some hon. Members: Oh, oh!

Mr. Trudeau: Mr. Speaker, I am sure the hon. members who are laughing are not from Ontario. I note that one is from Peace River where he has pollution of his own.

Mr. Baldwin: I am looking at it right now.

Mr. Trudeau: The agreement signed between the United States and Canada at that time had to do with the prevention and clean-up of pollution in the Great Lakes. If the hon. member from the Maritimes and the hon. member for Peace River would get on their toes, perhaps they might be able to do the same thing for their areas too.

Some hon. Members: Hear, hear!

Some hon. Members: Oh, oh!

Mr. McGrath: Mr. Speaker, I happen to be a member from an Atlantic province which is a much bigger area than the Maritime provinces. Was there any consultation with the Americans prior to the Stockholm conference with a view to getting some sort of co-ordinated approach to world environmental problems?

Mr. Trudeau: Mr. Speaker, the hon. member knows that this is a conference set up under the aegis of the United Nations. It is in fact co-ordinated and managed by a Canadian, Mr. Maurice Strong. He has been in consultation with all participating governments, including ours, and at those meetings with him we indicated the desire of the Canadian government to co-operate in a very positive way at Stockholm. I hope the House and the country have taken notice of the fact that the Canadian government position at Stockholm has been a very forward one. I do not think that this is the proper place to criticize what the United States has done. I think we should at least wait until the conference is over and see then if there are proper ways of making it a success.

* * *

VETERANS AFFAIRS

PENSIONS—REQUEST FOR REFERENCE TO STANDING COMMITTEE

Mr. Jack Marshall (Humber-St. George's-St. Barbe): Mr. Speaker, in the absence of the Minister of Veterans Affairs I would like to direct my question to his parliamentary secretary. In view of the continuing representations by veterans organizations over basic rates of pensions, the commitment by the Minister of Veterans Affairs that this matter would be referred to the Standing Committee on Veterans Affairs, and the number of questions that have been asked in the House during the past week, is the parliamentary secretary able to indicate to the House whether this matter will be referred to the standing committee?

Mr. Lloyd Francis (Parliamentary Secretary to Minister of Veterans Affairs): Mr. Speaker, I will bring the matter

to the attention of the minister who will make a statement, as I indicated the other day, in due course.

Mr. Marshall: As this is the same answer we have heard for a week, can the parliamentary secretary assure us that this matter will be referred to the Standing Committee of Veterans Affairs before the end of this session?

* * *

CONSUMER AFFAIRS

SUGGESTED INVESTIGATION OF FOOD INDUSTRY

Mrs. Grace MacInnis (Vancouver-Kingsway): Mr. Speaker, in the absence of the Minister of Consumer and Corporate Affairs I would like to direct my question to his parliamentary secretary. In view of the statement by the president of the Canadian Grocery Distributors Institute that a recent survey shows that public confidence in the grocery business has dropped from 48 per cent in 1966 to 24 per cent in 1971, will the government consider implementing the 1967 recommendation of the Senate-Commons committee that the investigation into concentration in the food industry be continued?

Mr. D. R. Tolmie (Parliamentary Secretary to Minister of Consumer and Corporate Affairs): Mr. Speaker, I would be pleased to bring this question to the notice of the minister.

Mrs. MacInnis: Mr. Speaker, I would like to ask a related question. Because the food chains now hold over 50 per cent of the Canadian grocery market, having taken 2 per cent more from independent retailers during the past year, will the government look into the effect of this control on consumers and the smaller independent retailers?

* * *

INDIAN AFFAIRS

METIS AND NON-STATUS INDIANS—SUGGESTED DESIGNATION OF DEPARTMENT TO DEAL WITH PROBLEMS

Mr. W. B. Nesbitt (Oxford): Mr. Speaker, I wish to direct a question to the right hon. Prime Minister. In view of the representations made today to the government by the Native Council of Canada, composed of representatives of the Metis and non-status Indians, can the Prime Minister tell the House which department of his government and which minister will be designated to take responsibility for the special problems that concern these some 700,000 Canadians?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, the hon. member might realize it is impossible to see that all aspects of the lives of some 700,000 Canadians can be taken care of by one department or one minister. It really depends on the subject which is foremost in their minds at any time. We would hope that all government departments would be open to them and, in dealing with their many areas of concern, provincial government departments also.

Mr. Nesbitt: In view of the fact that this particular group in our population, as the Prime Minister well knows, has rather special and unique problems which are not covered by the Department of Indian Affairs and Northern Development, would the Prime Minister not give consideration to designating one minister and one department of government through which their representations and complaints at least can be funnelled to the cabinet?

Mr. Trudeau: Mr. Speaker, I do think it is important that their representations be funnelled to the cabinet. I hesitate to follow the suggestion of the hon. member to set up one minister to be in charge of all aspects of the lives of any one group of citizens. The hon. member has pointed out that we have a department responsible for Indian matters, and I am sure many of the concerns of Indians would be channelled through it. But as regards the Metis we have very many aspects of government concerned with them. For example, we know that the Secretary of State has set up friendship centres which are very successful and which deal with some urban aspects of the problem. We know that the Department of Regional Economic Expansion deals with other aspects of their problems. We also know that the minister responsible for citizenship deals with—

Mr. Speaker: Order, please. Before the Prime Minister goes through all the departments, perhaps the Chair could intervene and invite the hon. member for Peace River to ask his question.

* * *

MANPOWER

LOCAL INITIATIVES PROGRAM—CRITERIA IN SELECTING OF PROJECTS FOR EXTENSION

Mr. G. W. Baldwin (Peace River): Mr. Speaker, I have a question for the Minister of Manpower and Immigration but in his absence I will direct it to the acting minister, or possibly the parliamentary secretary might even be persuaded to answer. My question has to do with the extension of the local initiatives program which was recently announced and the statement of the minister on Friday that the extended projects will in general favour quality of life over job creativity. As some of the extended programs seem very lively, including a telephone answering service for the homosexual society—that is one of them—

Some hon. Members: Oh, oh!

Mr. Baldwin: —would the hon. gentleman request the minister to make a statement indicating the specific criteria which in fact were used to persuade the government to pick out and select certain projects to receive these extensions?

Mr. Ray Perrault (Parliamentary Secretary to Minister of Manpower and Immigration): Mr. Speaker, I am prepared to enunciate the five principal criteria employed in determining which projects should be extended, starting with

projects which have a potential for becoming self-supporting if they are provided with assistance for a further period, projects which provide employees—

Some hon. Members: Oh, oh!

Mr. Baldwin: Mr. Speaker, on a point of order—

Mr. Perrault: —with a learning experience giving them new skills—

Mr. Speaker: May we have order, please?

Mr. Perrault: —services that could, given time—

Mr. Speaker: Order, please. The parliamentary secretary can continue answering but this time I have the floor and what he is saying is not recorded. I suggest to the hon. member for Peace River that when he asks for a general statement he should not be scandalized and the Chair should not be scandalized if the parliamentary secretary replies giving a general statement. I would think the question should have been asked in the terms of whether a statement might be made on motions.

Mr. Baldwin: My intention was to ask whether a statement would be made on motions, which of course would permit hon. members in other parties to reply.

* * *

• (1440)

TRANSPORT

BRUCE PENNINSULA-MANITOULIN ISLAND FERRY SERVICE—REQUEST FOR EARLY START ON CONSTRUCTION OF NEW FACILITIES TO PROVIDE JOBS THIS SUMMER

Mr. Maurice Foster (Algoma): Mr. Speaker, my question is for the Minister of Transport. In view of the announcement today of an $8.8 million agreement between the province of Ontario and the federal government for new terminal facilities and a ferry service between the Bruce Peninsula and Manitoulin Island will the minister take action to ensure that construction of these facilities gets under way immediately so that a maximum number of jobs will be provided this coming summer?

An hon. Member: Campaigning!

Hon. Donald C. Jamieson (Minister of Transport): I will be very glad to do that, Mr. Speaker.

* * *

[*Translation*]

INDUSTRY

SARNIA OLEFINES AND AROMATIC PRODUCTS PROJECT —PUBLICATION OF LETTER FROM PREMIER BOURASSA TO PRIME MINISTER

Hon. Martial Asselin (Charlevoix): Mr. Speaker, I should like to put a question to the right hon. Prime Minister.

It seems that the Quebec premier wrote him a letter concerning the development of the oil industry and more

specifically the Sarnia Olefines and Aromatic Products project. I should like to know when he will reply to the letter of the Quebec premier, and whether or not he intends to publish the reply in the interest of hon. members.

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I always marvel at how hon. members usually have a copy of the correspondence that is sent to me even before I receive it. I shall look at my mail and see whether it has arrived; if such a letter exists, I hope to read it soon. If I do not have it, then perhaps the hon. member can send me a copy of it.

ESTABLISHMENT OF PETROCHEMICAL CENTRE IN SARNIA—STATEMENT OF QUEBEC MINISTER OF INDUSTRY AND COMMERCE—POSITION OF GOVERNMENT

Hon. Martial Asselin (Charlevoix): Mr. Speaker, the Prime Minister complains about a lack of communication with the Quebec government. Perhaps the relations between the Quebec government and the opposition are friendlier than with this government.

In any event, Mr. Speaker, I should like to put a supplementary question.

The Quebec Minister of Industry and Commerce has expressed serious apprehensions regarding the establishment, at Sarnia, of a world petrochemical centre. Could the Prime Minister say what is the attitude of his government concerning this artificial boundary, the Borden line, which limits Quebec to its own domestic market for the sale of its petrochemical products?

Mr. Speaker: I feel that this question is of a general nature and that it calls for a statement on motions. The hon. member might perhaps agree with me on this point.

Mr. Asselin: Mr. Speaker, I should like to put a supplementary question.

Does the Prime Minister intend to make in the near future in the House a statement on such an important matter, in order that we may know what is the government's position on that problem raised yesterday by the Quebec Minister of Industry and Commerce?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I will surely examine the letter, if there is one. However, in answer to the hon. member, I simply want to make him understand that the oil policy to which he referred has enabled Quebec to pay less for its fuel than the western provinces which have to buy their oil in western Canada. Well, if this is not a beneficial policy for Quebec—

Mr. Speaker: Order. It seems to me that such a question and the Prime Minister's answer are rather argumentative and I also feel that we should try to proceed a little more quickly.

[*English*]

There are just about ten minutes left before the end of the question period and we do not seem to be moving very quickly because we have so many supplementary questions and long questions and long answers. Perhaps we

should try to move along a little more quickly. The hon. member for Fraser Valley West.

[*Translation*]

Mr. Asselin: Mr. Speaker, I rise on a point of order.

Mr. Speaker: The hon. member for Charlevoix on a point of order.

Mr. Asselin: The hon. Minister of Industry, Trade and Commerce indicated to me that he could have been asked the question and that he knew the answer. Can the minister answer the question I asked?

Hon. Jean-Luc Pepin (Minister of Industry, Trade and Commerce): Mr. Speaker—

Mr. Speaker: Order, please. This was not a point of order. May I suggest to the hon. minister who knows the answer to give it to the hon. member after the oral question period.

* * *

[*English*]

FLOODS

BRITISH COLUMBIA—INQUIRY AS TO COMPENSATION FOR LOSSES

Mr. Mark Rose (Fraser Valley West): Mr. Speaker, in the absence of the Minister of the Environment perhaps I might address this question to the right hon. Prime Minister. In view of the fact that the Minister of Veterans Affairs, accompanied by at least two government backbench acolytes, last week visited areas of British Columbia which have been inundated by reason of unusually large spring run-offs, has the government received any recommendation from that minister regarding compensation for losses because of the flooding?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, as I reported to the House yesterday, the Minister of Veterans Affairs and the hon. member for Kamloops-Cariboo have visited the areas concerned. I reported to the House that the policy of the federal government is to consider such claims for compensation after a request has been made by the province concerned. I reported yesterday that as of the moment no such request had been received.

Mr. Rose: Mr. Speaker, I should like a little clarification becuse there was a lot of racket and I did not quite get the reply. Is the government of British Columbia, in concert with the federal government, considering methods of relieving the financial losses caused by such disasters not only in the area of Kamloops but should they occur elsewhere?

Mr. Trudeau: Mr. Speaker, I answered this very question yesterday when it was asked by the hon. member for Okanagan Boundary. Perhaps the hon. member for Fraser Valley West was caught in the flood. The answer, I repeat, is that the government is prepared, as it has been in the past, to consider any general plan which might be put forward by the provinces, but there has been no such request by the province of British Columbia.

* * *

[*Translation*]

ST. LAWRENCE SEAWAY

MEASURES RESPECTING PAYMENT OF DEBT

Mr. Henry Latulippe (Compton): Mr. Speaker, I have a question for the hon. Minister of Transport.

Would he tell the House what arrangements the government has taken or is to take concerning the St. Lawrence Seaway? Will the government find a way to collect $300 million, or will there be an arrangement to make a clean sweep of this amount plus interest, since it has become impossible for the Authority to meet its commitments?

Mr. Speaker: This question, also, is very general. It seems to me that such a question should normally be put on the order paper. If the hon. member deems the matter to be an urgent one, it can be discussed on the adjournment motion.

* * *

[*English*]

INDUSTRY

ESTABLISHMENT OF PETROCHEMICAL CENTRE IN SARNIA—INQUIRY AS TO DIRECT ASSISTANCE BY GOVERNMENT

Mr. Thomas M. Bell (Saint John-Lancaster): Mr. Speaker, my question is directed to the Minister of Industry, Trade and Commerce. Has the government under consideration any direct assistance to the new world-scale petrochemical industry in Sarnia that is to be conducted by Esso, Polymer and DuPont?

Hon. Jean-Luc Pepin (Minister of Industry, Trade and Commerce): Mr. Speaker, I was going to answer a previous question on the same subject by saying that this project, SOAP, and a couple of others are presently being studied by the government but no decision has been taken. To answer the previous question at the same time, let me say the interests of Quebec will be taken into account in this study; there is no doubt about that. The provincial Minister of Industry and Commerce was anticipating the possibility of a decision and was entering a caveat.

Mr. Bell: Will the minister give the further assurance that all similar industries, particularly in New Brunswick, now under consideration will receive equal and fair treatment.

Mr. Pepin: Certainly. The problems of the petrochemicals industry vary very much from one region of Canada to another, as hon. members would expect.

PUBLIC SERVICE

CAPE BRETON—REPLACEMENT OF ELIGIBILITY LIST FOR UNILINGUAL POSITIONS BY ONE FOR BILINGUAL POSITIONS

Mr. Robert Muir (Cape Breton-The Sydneys): Mr. Speaker, my question is directed to the President of the Treasury Board. On May 5 I raised with him the question of the eligibility list set up in a competition for possible positions that would be vacant in the Cape Breton area in the public service. The question was with regard to the changing of the competition which called for unilingualism. Twenty-three people qualified. It is our understanding that as of June 15 this list will no longer be in effect and replacements will be made from a bilingual list. On May 5 the minister said that he would inquire and provide an answer. On May 17 he assured me that there would be no discrimination and that he was waiting for a report on the subject. Is the minister yet in a position to give that report, and can he reassure us again that those who qualify will get the positions that become available and will not be cast out as derelicts because they are not bilingual?

Hon. C. M. Drury (President of the Treasury Board): Mr. Speaker, upon inquiry I discovered that the question related to two eligibility lists established as a consequence of competitions held by the Public Service Commission. The notes on the answer were to have been given to the House by the Secretary of State and unfortunately I have not got them with me. I am sure that the next time he is in the House he will give the answer.

Mr. Muir: Will the minister make it his duty to ensure that the minister he referred to will be in the House before the end of the session, before June 15?

Mr. Drury: I shall be glad to give that assurance, Mr. Speaker.

* * *

CONSUMER AFFAIRS

TORONTO—ALLEGED EXORBITANT APARTMENT RENT INCREASES—INQUIRY AS TO REPRESENTATIONS TO PROVINCE RESPECTING CURTAILMENT

Mr. Walter Deakon (High Park-Humber Valley): Mr. Speaker, I should like to direct a question to the Minister of Consumer and Corporate Affairs but in his absence I shall direct it to the parliamentary secretary. In view of the recent exorbitant increase in the rents of certain high-rise apartment developments in the city of Toronto to apartment dwellers, has the minister made representations to the government of the province of Ontario in order to curtail these steady increases?

Mr. D. R. Tolmie (Parliamentary Secretary to Minister of Consumer and Corporate Affairs): Mr. Speaker, I shall be very pleased to bring that most interesting and intelligent question to the attention of the minister.

Inquiries of the Ministry

NATIONAL DEFENCE

MEAFORD TANK RANGE—REMOVAL OF UNEXPLODED AMMUNITION TO ENABLE CONVERSION TO PARK

Mr. P. V. Noble (Grey-Simcoe): Mr. Speaker, I have a question for the Minister of National Defence but in his absence would direct it—

Some hon. Members: Oh, oh!

Mr. Bell: Explain!

An hon. Member: They don't know you, Ben.

An hon. Member: He hasn't any policy but he is there.

• (1450)

Mr. Noble: I apologize, Mr. Speaker. The minister is here so seldom.

Some hon. Members: Oh, oh!

Mr. Noble: In view of the fact the government is giving consideration to clearing unexploded ammunition from Camp Ipperwash so it may be returned to the local Indians, will the Meaford tank range be included in this clean-up program so that it may be converted to a park?

Hon. E. J. Benson (Minister of National Defence): Mr. Speaker, no clean-up program in either area is anticipated at the present time. The cost appears to be prohibitive.

Mr. Speaker: Order, please. I have to bring to the attention of hon. members that we will be very soon running short of time. There are just two or three minutes left before the end of the question period. With the co-operation of hon. members, we will try to have a few questions without supplementaries.

* * *

AGRICULTURE

ACTION TO LOWER COSTS OF PRODUCTION

Mr. Lorne Nystrom (Yorkton-Melville): Mr. Speaker, my question is for the Minister of Agriculture. In view of the fact that farm machinery costs and other costs of production to the farmer have nearly doubled since 1949 and the price he receives for many commodities has gone down, what action is the government planning to bring down the costs of production to the farmers?

Mr. Speaker: Order, please. That question should be placed on the order paper.

* * *

SUPPLY AND SERVICES

SPECIAL AGENCY TO CO-ORDINATE USE OF COMPUTERS AND COMPUTER PROGRAMS

Mr. A. D. Hales (Wellington): Mr. Speaker, I wish to direct a question to the President of the Treasury Board. In view of the fact that the government has spent and is

spending so much money on computers and computer services, is it the intention of the minister's department to set up a special agency to co-ordinate the use of computers and computer programs in government service?

Hon. C. M. Drury (President of the Treasury Board): Mr. Speaker, such an agency or co-ordinating body is now in operation. All the computing facilities of the government are being looked at as a whole and work programmed within those facilities to make the best use of them.

Mr. Hales: Under whose jurisdiction does the agency responsible come?

Mr. Drury: The Department of Supply and Services, Mr. Speaker.

* * *

AGRICULTURE

PROVISION OF LISTS OF NAMES OF IMPORTERS OF EUROPEAN CATTLE

Mr. Cliff Downey (Battle River): Mr. Speaker, my question is to the Minister of Agriculture. It arises from the fact that continuing requests are being made for lists of names of those who imported European cattle in the 1970-71 season. The minister's office indicated some weeks ago that these lists would be supplied. When will they be available?

Hon. H. A. Olson (Minister of Agriculture): Mr. Speaker, I will look into it immediately.

* * *

TRANSPORT

ATLANTIC PROVINCES—INQUIRY AS TO STATEMENT ON POLICY

Mr. J. P. Nowlan (Annapolis Valley): Mr. Speaker, my question is to the Minister of Transport. In the debate today on transportation policy, is the minister going to make the long awaited and often promised statement on Atlantic transportation policy?

Hon. Donald C. Jamieson (Minister of Transport): Wait and see, Mr. Speaker.

Mr. Nowlan: A supplementary question. I thought I would get a flippant answer to a serious question. I am going to sit in the House and see to it that the minister does make a statement. That answer did not surprise me at all, and it will not surprise the people of Atlantic Canada who are being sold short by the minister because he is not doing his duty.

Mr. Speaker: Order, please. The Chair will recognize the hon. member for Annapolis Valley on a supplementary, but we should try as much as possible to reserve our fire for the debate which will start in a few moments.

Mr. Nowlan: My supplementary is very serious and sensible, but the answer the minister just gave indicates his

frame of mind. The people of Atlantic Canada are being raped by the indecision and inaction of this minister.

Mr. Speaker: Order, please.

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

Mr. Speaker: The hon. member is using up the rest of the time we have for the question period. Perhaps he might ask his supplementary.

Mr. Nowlan: Will this statement, concerning which I have been told to wait and see, include a report on the further freight rate increase the Railway Association of Canada has announced will be filed with the Canadian Transport Commission on June 19? What is the minister going to do about that?

Mr. Jamieson: Mr. Speaker, out of all that verbiage the only thing I can make out to be a question is, what is the minister going to do about the announced freight rate increase. As the hon. member knows, the minister is not empowered to do anything about these freight rate increases.

Mr. Speaker: Orders of the day.

Mr. Baldwin: Mr. Speaker, I rise on a point of order. There has been some discussion about the length of speeches in the debate today.

Mr. Speaker: Order, please. Perhaps we might wait for just a moment until there is order in the House. The hon. member for Peace River might then make his comments on his point of order.

Mr. Baldwin: Mr. Speaker, there has been discussion among the House leaders with regard to the length of speeches on the supply motion today. It has been suggested that we follow the terms of the Standing Order for the first speaker of our party, in whose name the motion stands, and for the first speaker on the government side in response. The first speakers of the other two parties would each have 20 minutes, pursuant to the rule. All other speakers will be allowed 15 minutes. It should be clearly understood that there will be no exception for anyone.

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, the statement just made by the hon. member for Peace River represents the arrangements to which we have agreed, especially that there be no overtime.

Mr. Speaker: If it is agreed, it will be ordered by the Chair that the debate be conducted on the basis mentioned by the hon. member for Peace River and agreed to by other hon. members. Is this agreed?

Some hon. Members: Agreed.

Mr. Speaker: It is so ordered.

• (1500)

GOVERNMENT ORDERS

BUSINESS OF SUPPLY

ALLOTTED DAY S.O. 58—ALLEGED FAILURE OF GOVERNMENT TO DEVELOP A NATIONAL TRANSPORTATION POLICY TO TAKE CARE OF PRESENT AND FUTURE CANADIAN NEEDS

Mr. Charles H. Thomas (Moncton) moved:

This House regrets that the government has failed to develop the National Transportation Policy, pursuant to section 3 of the National Transportation Act, and has failed to take measures to revitalize and rebuild Canadian transportation for present and future needs.

He said: Mr. Speaker, judging from the recent exchange between the Minister of Transport (Mr. Jamieson) and the hon. member for Annapolis Valley (Mr. Nowlan), it should be a very interesting debate this afternoon.

One of the most important issues facing Canada today is the development of a sound, co-ordinated, interrelated and forward looking transportation system. The future of Canada, politically, economically and environmentally, depends on it. The next 20 years will play a major part in deciding that future.

On September 1, 1966 when the Hon. J. W. Pickersgill introduced his new policy for transportation in Canada, he spoke in glowing terms of what it would mean for the future. According to Mr. Pickersgill, and this is recorded at page 7990 of *Hansard* for September 1, 1966, it was not his intention to scrap the basic corporate structure of the railways or any other form of transportation, but it was his intention, and I quote:

—to create a framework within which they can operate in a way which, in our view, will not only better serve the public—which is the main consideration—

I underline that.

—but which will also better ensure the Canadian treasury and the Canadian taxpayers against unnecessary and undue charges, and in some cases duplicated charges for duplicated services.

Unfortunately, the government has totally failed to develop a national transportation policy pursuant to section 3 of the National Transportation Act and has failed to rebuild and revitalize Canadian transportation in accordance with present and future needs. Section 3 of that act outlines the purposes of the new policy, which were to make the best use of all available methods of transportation and to co-ordinate them under terms, conditions and tariffs which would make them competitive and compensatory. In addition, the act was purportedly designed to ensure that all forms of transportation would be co-ordinated under tolls and tariffs and conditions which would not constitute an undue obstacle to the interchange of commodities between various points in Canada and which would not discourage the development of industry in areas where poor transportation presented a serious problem.

Mr. Pickersgill's opening statement on that date, as recorded at page 7995 of *Hansard*, drew attention to the manner in which the legislation followed the principles laid down by the MacPherson commission inasmuch as an attempt was being made to develop a policy in accordance with which the railways—and the railway companies were specifically mentioned in this case—would be required to perform their duties in the national or social interest. If these services could not be provided economically, losses would be paid largely from the public treasury. In other words—and here I quote directly what Mr. Pickersgill said—"We should not put the whole burden on the railways for continuing these services." It is because the government has completely failed to develop such a policy that I felt compelled to propose my motion today.

Some hon. Members: Hear, hear!

Mr. Thomas (Moncton): Since Confederation, Canada's national transportation policy has concentrated on fostering political unity and on integrating regional and provincial economies. Originally our transportation system was developed with the object of covering vast distances, moving goods and people from one point to another, coast to coast, at a reasonable cost. Various federal governments since Confederation have concentrated on policies designed to equalize opportunities and benefits available in all Canada's provinces and regions. As this country continued to grow, its transportation problems increased. The simplistic notion upon which our transportation system was originally based is no longer valid. The federal government has failed to realize that in 1972, transportation in Canada takes on a different connotation. Hon. gentlemen opposite have not taken action with the future of Canada in mind when developing their transportation policy.

In order to play a major part in future development, transportation decisions must be based on public need rather than political expediency. Air pollution, highway and airport congestion, the swallowing up of valuable urban land by expressways and growing noise pollution, should all play major parts in any decisions relating to transport policy today. Unfortunately, the government has seemingly disregarded this concept, basing its policy decisions on an economic evaluation of financial profitability. This is a mistake, and current trends in transportation are a tragedy because the mistakes of the past are being perpetuated on an even larger scale.

The greatest problem arises through lack of direction on the part of the government, and it shows in the quality of passenger and freight transportation across this country. Transportation policy is unco-ordinated. Systems of air, rail and highway transport are not integrated and the government takes refuge in constitutional hassles to hide the fact that it has no answers. The most recent example, I suppose, was the conclusions arrived at by the Railway Transport Committee after its visit to southern Ontario. The longest hassle, I suppose, has occurred over the implementation of Part IV of the National Transportation Act.

A glaring example of lack of co-ordination in transportation policies can be found in the case of Air Canada. Here is a Crown corporation owned by, and supposedly designed to serve, the Canadian public. Yet it provides a haphazard service, often at the expense of the Canadian taxpayer in terms of time and money. I draw attention to the rapid deterioration in passenger reservation services

throughout the system, the callous disregard for the welfare of in transit passengers and the reduction of services in areas where there is no competition, all of which provides ample evidence that Air Canada has placed profits above service to the public. For example, the Air Canada international service out of Newfoundland is costly, inconvenient and totally unfair. International flights leave Newfoundland from one point only, Gander, on Monday, Wednesday, Thursday and Friday at the unreasonable time of 10.10 in the evening. If a person has to leave on a Saturday, for instance, he is forced to fly west to Halifax or Montreal to pick up an overseas flight. Thus, he is required to pay double the cost, because he flies over Newfoundland again.

A great many complaints have been made against Air Canada's inter-Canadian flights, especially the fact that in many instances it is possible to fly across the Atlantic for less than is charged to fly a similar distance in Canada. We have gone into this matter with Air Canada officials in committee, but as far as I am concerned we have never been given a satisfactory explanation of why it should cost a Canadian taxpayer more to fly in his own country than it does to fly overseas.

According to Mr. Yves Pratte, Chairman of the Board and Chief Executive Officer, the main problem is that the management of Air Canada does not know what the corporation's mission is in terms of service. Mr. Pratte appeared before the Transport Committee last spring. He was asked then to define Air Canada's role in relation to service to the public. At that time he said:

> The basic problem is for the government to define the role and mission of Air Canada. If that is defined I am satisfied we can do the job. But it is not up to us to decide what our role is. We may have ideas, we may have suggestions, but the role of Air Canada should be defined by the government within the parameters of their over-all policy.

Following that statement by Mr. Pratte, the minister was asked questions on the matter in the House. As reported in the Toronto *Star* of June 28, 1971, he said:

> We should like to give Air Canada a clear-cut mandate . . . but it is hard to be precise. I have been working on this for two years.

If that is not an indictment of the government for its lack of an over-all policy, I should like to hear some further explanation from the minister later.

What is the government's policy, if any? According to Mr. Dan Burtnick, legal counsel for the Province of Ontario, the federal government does not seem to have one. At a meeting of the Standing Committee on Transport and Communications on May 29, Mr. Burtnick said:

> The government of Ontario believes the passenger transport system in Ontario and in Canada cannot be developed on an ad hoc basis. It is our position that the future requirements for passenger transportation demand a co-ordinated approach to the supply of these facilities. We believe that until those requirements for a minimum passenger network have been determined, it is illogical to hear any applications for discontinuance. We further believe such an inquiry must be related to a co-ordinated study of the interrelationships of various other modes of available passenger transport.

I repeat that it is the responsibility of the federal government to supply the co-ordinated approach to transportation referred to by Mr. Burtnick. Unfortunately, there does not seem to be any definitive policy worth mentioning for Air Canada or for any other mode of transport either separately or in combination. Many times in this House as well as outside the House, we have asked for a clear cut delineation of the government's regional air carrier policy. To my knowledge that statement has not been forthcoming. We still find regions, such as the Atlantic area and parts of western Canada, where Air Canada has a virtual monopoly of services. Regional carriers are prepared to supplement these services, but under this government's policy—or lack of policy—they are not allowed to supply these supplementary services.

• (1510)

It seems as if the decision-making powers with regard to quality and quantity of Canadian transportation rest solely with the companies involved and provincial or municipal governments. Decision-making powers are diffused and transportation services, whether owned by the Canadian public as in the case of Air Canada and Canadian National Railways, or owned by private sources as in the case of CPR and various trucking companies, seem to be vying with one another to determine which will make the most profit at the expense of the Canadian taxpayer. The result has been increased trucking rates, shipping rates, passenger rates, freight rates, again at the expense of the taxpayer.

I am not one to deny the railways and transportation companies the right to raise their rates to meet increased expenses brought on by new labour agreements and increased costs. But I do say that it is up to the government to develop a policy that will enable the railways to pay these increased costs and remain competitive, if necessary providing essential public services that are subsidized by the public treasury, as promised by Mr. Pickersgill and as outlined in the preamble to the National Transportation Act.

This principle may be difficult for this government to grasp, because its transportation policy seems to be geared largely to the profit motive. For example, when an application is made under the act, to discontinue passenger services, the frequency of passenger train services in any one day and the timing of that service is not subject to any control by the Canadian Transportation Commission unless it decides to take the initiative and order a certain frequency of service. In addition to that, as I have pointed out many times it is almost impossible to obtain a subsidy for a specific service unless you apply for total abandonment of the service. Again the emphasis is on profitability, as determined by profit and loss statements prepared by the railway's cost accountants—and there has been a great deal of criticism as to the validity of these statements—rather than on the social effects and hardships that will be caused by abandonment of passenger service. In short, not only has the federal government failed to develop a transportation policy of any consequence; it has also managed severely to compromise the little policy it has.

Transportation problems are becoming so critical that if they are not solved soon, and with a view to future requirements, they may become not only difficult to solve but impossible. Pollution and urban growth statistics bear this out. In Canada's major cities the car is responsible for about 60 per cent of the air pollution. The hon. member

for Vegreville (Mr. Mazankowski) does not like that statement, but unfortunately it is true. There were over 100 million cars and trucks in North America in 1970. By 1980 the number will rise to 180 million, which is some consolation for the hon. member for Vegreville. During peak traffic hours on main thoroughfares in metropolitan Toronto, concentrations of carbon monoxide ranged from 25 to 50 parts per million and sometimes as high as 150 parts per million. A recent Stanford University study has shown that the capacity of volunteers to perform normal work was severely reduced when concentrates of carbon monoxide of 50 parts per million were inhaled for as little as 79 minutes.

In 1921 less than half the population of Canada was urban. By 1966 the proportion was 73 per cent. By 1981 it is expected to reach 85 per cent, and by the year 2000 it is projected to rise to 94 per cent. In other words, nine out of ten Canadians in this country by the year 2000 are expected to be living in towns or cities. In 1966 the nine largest cities in Canada accommodated 40 per cent of the population. So we can see the rapid rise that will take place during the next 25 years. In fact, within the next 30 years it is expected that more than 50 per cent of Canada's population, some 61 million people, will be resident in 21 centres stretching along the St. Lawrence lowlands from Windsor to Quebec City. What plans has the federal government made to deal with this situation? If automobile use continues, how will the federal government deal with the results? If our cities continue to grow at the rate and in the manner that these statistics predict, what are the federal government's plans for transportation? At this time the federal government does not appear to have considered these facts, all of which are very, very appropriate.

S. A. Caria, former president of the American Transit Association, says that mass transportation is the only alternative to utter chaos in our metropolitan areas. To lift the siege by automobiles, he says, Public Transport must become so efficient, attractive and fast that motorists willingly abandon their cars in favour of it.

Dr. H. J. Holland, a professor at the Massachusetts Institute of Technology, says that every mile a car travels costs society $1 in increased pollution, endangered health, traffic safety and changes in property values and land use. Yet many Canadian cities are adopting the same old programs and perpetuating the mistakes that have already been made by increasing the number of freeways to provide for more automobiles. But can we blame them? Or should we blame the federal government which has failed to set an example for them and which seems unconcerned about the problem?

Other countries are setting an example in the field of transportation systems. A Montreal *Star* press report dated January 4, 1972, indicated that the Japanese are constructing an all-new network of high speed railways and have authorized a parallel network of expressways to counteract Tokyo's air and automobile pollution. Thousands of miles of new rail tracks and roadways will be criss-crossing the countryside during the next few years and a new motor vehicle tax is expected to provide a considerable amount of finance with an expected annual yield of $425 million. The rest will come from bonds and loans. The government's policy, says the report, is to realize an opulent life for the people throughout the country, aided by a new national, integrated transportation system.

I realize that the problems in this country are not exactly the same as the problems in Japan. Certainly, Japan does not have the vast distances to overcome that we have. But I still think there is much more room for government planning in devising mass transportation systems in this country. I think passenger trains have long been recognized as the most efficient way of hauling large numbers of people over distances. Rather than having this spectacle to which I have referred, I hope the Minister of Transport (Mr. Jamieson) will be able to tell us of his plans for a transportation policy which will put the trains back on the rails and get passengers moving in the most economic and pollution-free way.

• (1520)

We do not have to go to Japan to examine the transportation system as there are many plans in existence in England, France and some of the northern countries which should receive the immediate attention of the federal government if Canada's transportation policy is to be one for the future. I should not want to accuse the government of not studying these plans as I know they have. I have heard from the minister before about what surveys have been made, but I suggest it is time to move a little faster in developing a coherent and comprehensive policy which will solve the problems of mass transportation in this country.

The present policy is not good enough. It is uncoordinated, and to a great extent it is ad hoc, piecemeal and irrelevant to today's world and its problems. It seems that on many occasions a decision is made to build an airport, and I will not get into that controversy, not from the standpoint of public service or economic value, but using political expediency as the main criterion. The federal government should begin immediately in co-operation with the provinces, municipalities, business, labour and the Canadian public to develop a national transportation policy taking into account pollution, environmental control, population growth and expansion. Unless the federal government is prepared to give this problem its attention now, Canada's present and future will be severely compromised.

I should like to add my support to the questions raised earlier by my colleague, the hon. member for Annapolis Valley (Mr. Nowlan). We in the Atlantic provinces have been promised a national policy for many years, and I hope the minister will say something about this in his reply. I hope he will have something to say about what is being done throughout the country to develop co-ordinated services and to do something about the downgrading of Air Canada services to Canadians. Perhaps he will tell us what we may expect in the way of relief from ever increasing freight rates, and I hope his statement will give us some assurance that his department is prepared to take action to make those principles envisaged by Mr. Pickersgill become at last reality.

Hon. Donald C. Jamieson (Minister of Transport): Mr. Speaker, I want to thank the hon. member for Moncton (Mr. Thomas) for setting out a number of questions which

I will do my utmost to answer as thoroughly as I can in the limited time I have available. I am sure he and hon. members will appreciate that this is one of the most complex subjects and, of necessity, a subject of this kind has to be dealt with to some extent at least in generalizations rather than in specifics.

I also have something of a problem as to the priority I give to the several approaches to this problem as they relate to what the hon. member has had to say, because I have heard the hon. member for Annapolis Valley (Mr. Nowlan) say that he would like me, quite understandably, to devote the majority of the time I have to the whole question of transportation policy as it relates to the Atlantic provinces. On the other hand I realize, as indeed the hon. member for Moncton has, that there are other issues and other questions which really ought to be dealt with in a debate of this sort.

Let me say at the outset that really what has been established by the hon. member for Moncton is the philosophical question which has been at the root of transportation problems in Canada for perhaps 100 years, or for as long, indeed, as there have been Crown corporations and other agencies of a similar nature which one Parliament after another has affirmed in a more or less independent role. It would be presumptuous of me to tell members with far greater experience than I in this House the history of these organizations, but the truth of the matter is that one government after another, and one political party after another of all political persuasions, have constantly reaffirmed that in so far as direct government intervention or even parliamentary intervention is concerned, that no doubt this was anathema in respect of what might be described, as it was today, an organization of corporations and agencies.

May I give three examples to illustrate what I mean. The hon. member referred, for example, to the Canadian Transport Commission. Some of us were members of the committee which heard the long evidence that led to the establishment of that commission. Some of us were members of this House when, in fact, the National Transportation Act was passed in 1967. Members will be aware of the very great fears which were expressed at that time that the Canadian Transport Commission would not remain what might be described as an at-arms-length organization and would not retain its quasi-judicial aspect, but might be subject to political or other undesirable pressures. Therefore, I have to call to the attention of the House the fact that there is a very clearcut distinction between those matters which can be dealt with by the Canadian Transport Commission under the authority granted to it by the act, and those matters in which I can become involved or the government can become involved, being matters of what might be described as national policy. As long as the National Transportation Act exists, it constitutes national policy in that particular field.

I do not presume today to comment in any detailed way on the propriety or otherwise of the judgments of the Canadian Transport Commission. I do want to point out a few interesting facts in respect of some of the commission's activities in the relatively few years in which it has been in operation. There appears to be an impression abroad, and here I am referring expressly to the work of the CTC and not to the railways, which I hope to deal with in just a few minutes, that the Canadian Transport Commission has had something to do with cancellation of passenger services. In spite of this impression, which appears to be widespread, the fact of the matter is that since the National Transportation Act took effect in 1967 only about 6 per cent of passenger train mileage in Canada has been discontinued, and this had involved less than 6 per cent of total passenger traffic. A great many hearings have been held and a great many recommendations in one form or another have been made, but in terms of actual passenger train mileage or passenger traffic which has been eliminated or discontinued in Canada, this constitutes something less than 6 per cent over all.

In the case of southwestern Ontario, to which the hon. member referred, it is again interesting to note that the commission did conduct an investigation of the operations in that region. The facts are well known to hon. members and to the public. The decision there came as the result of the fact it was shown that less than 20 passengers were being carried per train on that particular route. Here, once again, I am not going to argue the merits of this decision, or suggest whether it was a wise decision. I am simply pointing out that it was a decision in fact made by the commission entirely within its own responsibility, in which it was impossible in any way, shape or form for the government to have any influence even had it chosen to exercise it. But the hon. member did not say, and I should like to emphasize this, that there are in fact provisions which Parliament very wisely put into this bill which do apply and which have a wide variety of appeal procedures included in them. Several appeals, in fact have been lodged both in this case and in others and in most respects have been disposed of in what I believe to be a satisfactory fashion.

• (1530)

Without spending too much time on this particular point, let me re-emphasize the fact that the Canadian Transport Commission is an independent body deliberately created by this Parliament to carry on a particular function. The suggestion that in some way or other the government or the Ministry of Transport is derelict in its duty because of some judgment of the CTC with which some members may disagree is in fact a misinterpretation of the facts of the matter.

An hon. Member: Do they do a proper job?

An hon. Member: They do not.

Mr. Jamieson: The question arises whether they do a proper job and then another hon. member says "they do not". These are matters of opinion. I repeat that in cases where it is the judgment of any individual that an appropriate job has not been done, there are appeal procedures and these procedures can be instituted either through the Minister of Transport or the Governor in Council.

An hon. Member: The chairman is your good friend.

Mr. Jamieson: I can assure the hon. gentleman—in the event it was not heard he said the chairman is my good friend and what good would this do—that he should not

be surprised if I say I resent most deeply that suggestion if it infers any misconduct on my part or on the part of the chairman of the Commission. I can assure him there is no such thing. There are very rare occasions upon which legitimate appeals against the findings of the Canadian Transport Commission have not in some way been dealt with, either through the Governor in Council or myself as Minister of Transport.

But as I said at the outset, we might also consider the other two elements introduced by the hon. member for Moncton which have to do with the role of Air Canada and Canadian National Railways. Here, once again, one can come back to the creation of Canadian National and read literally reams of declarations, but I think some of the wisest men who ever sat on either side of this House or represented any party in this House have constantly maintained a basic theme which continues in my judgment to be the view of the vast majority of the people of Canada; that is, that there should be a minimum amount of parliamentary intervention in respect of either of these Crown corporations and that there should be virtually no government intervention in the day-to-day operations of these corporations, except through the means provided by the Parliament of Canada, which of course in the case of Canadian National is in respect of only its operating and capital budget and in the case of Air Canada consideration of its capital budget. These are quite clear strictures and quite wise strictures which were placed long ago upon governments and parliaments dealing with these organizations.

The hon. member for Moncton made the comment that the chairman of the board of Air Canada indicated there was a need for a clear definition of the role of Air Canada in terms of its function as a Crown corporation and expressed his regret that the government or I had not been sufficiently precise. He was mildly critical of the fact that I said it took the best part of two years to define what that role was. The difficulty occurs simply because one has to walk an extremely narrow line between what constitutes government policy with regard to a Crown corporation, what constitutes the appropriate form or direction that should be given to a Crown corporation, and what constitutes interference. Having talked about the need for some definition of the role of Air Canada, the hon. member went on to demonstrate, perhaps better than I could, the kind of difficulty this creates. He talked about the reservations system and whether or not this should be changed. Is this something which should be written into the policy in respect of a Crown corporation? He talked about the levels of service being maintained in certain parts of the country. Is this a matter of policy? Is it appropriate that the government should say that services should be, for instance, increased or, conversely, whether some services should be decreased on a particular line?

I suggest it is indeed appropriate, as this Parliament has reiterated time after time, that it is not the role of the government and is certainly not the role of the Minister of Transport to indicate to either of these Crown corporations either one of these courses. Let me try to re-affirm or state what I believe it is appropriate to say in terms of the role of Air Canada. The government believes in the pre-eminent position of Air Canada as the major national carrier owned by the people of Canada and intends to see that this pre-eminence is maintained. I think the government is legitimate in seeing that adequate levels of service are provided for the people of Canada and that these services are on a par with those available in any other comparable area of the world; in other words, that Canadians are entitled to a very high level of service. Let me say parenthetically—and I believe there is adequate evidence to back this up—I believe Air Canada is today among the finest air lines in the world and that the great majority of Canadians are being served by Air Canada in a way comparable or better than people are served by the service provided in any other country of the world.

Some hon. Members: Hear, hear!

Mr. Jamieson: When I travel abroad I find it is only in other countries that one hears the kind of comment I have made now. Perhaps we are too close to the forest, in a sense, to see the trees. The truth of the matter, however, is that Air Canada and the CNR are held up by people in other countries as good examples of a standard of service the public should have and, secondly—this applies to Air Canada—that there is no better organization of its kind in the world and that it is one of the safest. From this point of view I can say this is part of the policy we ought to give to Air Canada. On the basic question, I would simply repeat that what we say today has been said from the days when Air Canada had its beginning as Trans-Canada Air Lines. It is essentially a profit-oriented airline. This is the way it must continue because if it is not profit-oriented in the sense that its executives and its board of directors have some goal of that nature toward which they can work, then of course much of the initiative and drive would go out of the organization. Surely, it has been proven consistently throughout the history of this country that any carrier of a Crown corporation nature that is not designed to achieve a profit will not be a very successful organization.

So, I repeat that this is not simply something being created as of today and that in terms of government policy it has been part of the role of Air Canada from the days when it was created as Trans-Canada Air Lines. This does not mean that Air Canada should make a profit on every single one of its operations, or in fact should be free under its own auspices to withdraw from a particular service or reduce a particular service. It simply means in the totality of its operation that its main objective should be to operate like any other corporation in like circumstances.

Having said that I believe that Air Canada, as a corporation owned by the people of Canada, has a special responsibility to the people of Canada to ensure that services are provided in regions which are not at all times profitable on a particular leg, on a particular run, or whatever the case may be. They do have this additional responsibility. I think it is appropriate for a Minister of Transport to say this in terms of declaring what are the goals and objectives of Air Canada. Given these broad perspectives—I have not dealt with the international field because of the matter of time—it is my feeling that the chief executives and board of directors of these corporations should continue to be free to make this decision. I suggest that if hon. members opposite really think about this matter deeply they will realize that this is a thorough-

ly responsible policy; otherwise, it would not have survived for as long as it has. The reason that it is sensible is surely that we do not want to have these two large corporations become what are in effect political footballs. The hon. member on one side of me talks about a lack of interference or a lack of direction for the CTC and for these other corporations, and yet the suggestion comes from another quarter that perhaps we are interfering too much. It is in trying to achieve this balance that the difficulty arises.

• (1540)

I want to be sure that I have enunciated the policy clearly. It is, (a) that Air Canada is the pre-eminent carrier in this country, owned by the people of this country, and with its main objective to operate for the benefit of the people of this country; (b) that Air Canada's basic motivation shall be to run at least on a break even basis and preferably to make a profit; (c) that it should not make a profit by giving Canadians something less than the best service that they could expect under comparable circumstances in any other country; and (d) that it does not have to make that profit on each one of its routes but simply in totality.

Mr. McGrath: (a) is in conflict with (d).

Mr. Jamieson: I am not certain that I would agree with the hon. gentleman. I said that (a) it is the pre-eminent carrier but that it is pre-eminent in its totality. I call his attention to the fact—and forgive me if I was not straight in my answer on it—that I am speaking now outside of the international sphere because in order to give a full dissertation on this subject I would have to say that the international routes are also quite important in the sense that they are what I believe makes (a) and (d) compatible. They are compatible because I hope we would have overseas routes that would help on some of these non-profitable domestic routes. In any event, I hope I have given enough here at least to indicate that these are the broad outlines of the policy, and that it is in trying to go beyond it that it is difficult to try to spell it out with any more clarity. I would be grateful to hon. members opposite if they were to indicate their views as to whether or not in fact it is appropriate for the government of this country or for a minister of the government of this country to go very much beyond what I have outlined in terms of giving direction to any one of these corporations.

Mr. Benjamin: It is a straw man.

Mr. Jamieson: Perhaps the hon. member will explain why it is a straw man when he speaks next.

I will go on to say that a third and major element in terms of the transportation complex to which the hon. member for Moncton (Mr. Thomas) referred is the question of Canadian Pacific, with both its rail and air operations. Here, except for the normal regulatory restrictions, these are private corporations which are entirely free to do what they choose. This, of course, makes again for a very difficult circumstance in terms of trying to outline just where one fits in relation to the other. Hence my emphasis at the beginning on the fact that Air Canada is the pre-eminent carrier, and it is our intention to continue to look at it in that way.

I am sorry that time is moving by so fast, but I did want to touch briefly, before getting into the matter of transportation in the Atlantic provinces, on the whole question of regionals, and my hon. friend's continuing difficulty, which quite honestly I am not sure I understand, with getting our so-called regional air policy clear. The regional air policy was declared by me in August of 1968. It is quite specific and I can give the hon. member its rough outlines quite easily. They are, that there are five recognized regional air carriers in Canada stretching from west to east. I do not think I will take the time to go through them; my hon. friend knows them. Each one of them is given a geographical sphere in which it is assigned to operate, and it does so with one other proviso, that is that each one of these regional carriers is provided with access to a large metropolitan market.

Here it will be necessary, to illustrate my point, to name some of the airlines. There is Pacific Western which has Vancouver, for example. It also has Edmonton and Calgary, so that it is in a reasonably good shape in terms of having large centres of population. Transair which operates out of Winnipeg has access to Toronto. Nordair has been given a circle of routes which include access to, for instance, Ottawa and also one or two trans-border routes in order to give it a reasonably viable basis, and Eastern Provincial Airways and Quebecair each have Montreal. So, what we have sought to do has been to define geographically the area in which an airline would operate in a region and also to give it access to some major centre. I think hon. members will know that, by and large, the regional carriers have had within the last two years a major breakthrough in terms of their economic strength and viability and that now almost without exception they are equipped with jet aircraft. I am sure that my hon. friend from Newfoundland would agree that Eastern Provincial Airways has been improving steadily and is now on a par with virtually anything you could find anywhere.

An hon. Member: Give them more routes.

Mr. Jamieson: If we gave them more routes we would be doing so at the expense of Air Canada, for instance, because remember that Air Canada, being a free agent, also has a right to ensure that its route structure is viable. Therefore, it is the role of the CTC, when competition arises, to indicate which one ought to be given a particular route. Once again, I would wish to have time to go into great detail on this, but I notice that my time is passing and I would now like to turn to the question of the Atlantic provinces transportation.

No subject has had more discussion and, I suppose it can be said as well, more defence and criticism than the whole matter of transportation in the Atlantic provinces. On Tuesday of last week, I met with the Atlantic Provinces Transportation Commission in St. John's, Newfoundland. I think that the first paragraph of the release which the commission put out following that meeting sums up in a few lines what really constitutes the consensus, and the growing view within the Atlantic provinces, as to what the transportation policy in the Atlantic prov-

inces should be. It calls upon the minister, in this case myself:

> . . . to state publicly that the principle underlying any new, modern and flexible transportation policy for the Atlantic region should be to lower the costs of marketing products manufactured in the region by de-emphasizing distance.

I would like to re-emphasize myself that the underlying principle should be to lower the costs of marketing products manufactured in the region by de-emphasizing distance, in other words, the groups to whom I speak in the Atlantic provinces—and by the way, the Atlantic Provinces Transportation Commission is, I am sure you will agree, a thoroughly reputable organization 50 per cent of whose members are appointed by the provinces and 50 per cent by industry, trade, commerce and the like in the area—have come to the conclusion that blanket subsidies, blanket support in whatever form, is not really the solution.

Here, as I undertook to do last week, I would ask your permission, Mr. Speaker, to table the second report of the Federal-Provincial Committee on Atlantic Region Transportation. This report, which I will table when I am through with my remarks upon it, with your permission, indicates two new recommendations. But it might be as well if, before turning it over to the table, I read the first portion:

> The first report of the committee was submitted to the Minister of Transport in May, 1970.

As a basis for what has been described as this transportation policy, and the committee was set up to make recommendations to us in this regard, certain recommendations were made and certain things were done. These include the intra-regional subsidy available to both rail and highway transportation, which was put into effect so that trucking would be on the same level as rail transportation. We extended the same kind of help and assistance with regard to trucking on the ferry services to both Newfoundland and Prince Edward Island. In fact, all of the recommendations that were made in the first report of the federal-provincial committee have been acted upon in a positive way. As far as I can determine at the moment, there is none of them not now in effect. Hon. gentlemen opposite are looking at each other in some surprise, but I do not really see anything in that first report that has not been acted upon.

• (1550)

For instance, beginning on October 1, 1970, a 17.5 per cent subsidy on intra-regional truck traffic was implemented, and in early 1971 the intra-regional rail subsidy became 17.5 per cent. Reductions of 25 per cent were introduced for the truck traffic rates on the Newfoundland ferry services, and reductions of somewhat less than this figure have been introduced on the Prince Edward Island service. These were the recommendations. These were acted upon. There were other events of significance which the committee also commented upon, and which related to the over-all policy which the premiers recommended, that is, a highway policy for the Atlantic provinces.

In 1971, we provided $60 million for highway construction within the Atlantic provinces. This, by the way, was a continuation of and an extension to other measures provided under the Department of Regional Economic Expansion. So, it can be seen that we have significantly helped the region with regard to road networks, not only in the last two or three years but over the last ten years. The Council of Maritime Premiers announced standards for truck weight regulations, adopted a standard method of truck licensing, and introduced a standard bill of lading for the three Maritime provinces.

I turn now to the recommendations of the committee in this second report which I propose to table, and I will indicate my intentions with regard to them. I quote:

> With the two exceptions noted below, the committee is of the opinion that no serious problems have resulted from a reduction in the intra subsidy from 20 per cent to 17.5 per cent. The committee recommends that the next phase in the planned reduction to 15 per cent be allowed to proceed on April 1, 1972.

Some weeks ago, in fact in March, I announced in the House that I did not intend to accept that recommendation, and did not in fact reduce the subsidy by 2.5 per cent. I did this for two reasons. First, Mr. Speaker, I wanted to consult with the commission, and I did so last Thursday, with a view to seeing if two further objectives can be achieved in the Atlantic provinces, and I am now satisfied that they can be achieved.

For instance, it is our intention that this subsidy of 17.5 per cent or 15 per cent, whichever level it may be at any particular moment, will be paid to the shippers rather than to the carriers. In our conversations with the Commission last week I put it to them that we would like to get from them, and would be prepared to implement any proposal they would put forward, which provided us with an effective way of seeing that the shippers are paid this subsidy directly. This is a key point, Mr. Speaker. There are extreme difficulties connected with it. It is hard to figure out just exactly how the payments can be transferred to the shippers. Nevertheless we believe, and the Commission believes, it can be done. I have indicated my willingness to do just that, and we are prepared to do it on the basis of recommendations provided by the Commission.

A second and most important point, which is a reflection of what I believe to be a quite comprehensive policy, is the fact that we are moving toward something which is essential if we are to see sound industrial development in the Atlantic provinces. So far as I am aware the Commission has accepted an invitation which I extended to them, to come up with a plan with regard to selectivity in connection with certain forms of imports of items necessary to the manufacturing process in the Atlantic provinces.

For example, Mr. Speaker, there are a number of industries in the Atlantic provinces which have 75 per cent of the ingredients necessary for their manufacturing processes available in the area, and which have to import possibly 20 per cent or 25 per cent of their ingredients. I have said to the Commission that we would like to get from them, and will act on their recommendation, a scheme whereby a form of selective subsidy especially aimed at industrial development is provided for those raw materials which it is necessary to bring into the region. I have also stated that we are prepared to look at the extension of such a subsidy to water borne transportation,

because often it is a bulk material which is involved and water borne transportation is the logical way to carry it.

Let me say, in case hon. gentlemen opposite from the Atlantic provinces may feel that all is lost, in the sense that nobody is thinking about these problems, that the committee was quite frank in indicating the basic problem was not one of dollars and cents in terms of expenditures. They recognized there had been extremely significant expenditures both on roads and highways and on various forms of subsidies—

Mr. Speaker: Order, please. I regret having to interrupt the minister but his time has expired, and I believe the order made by the House was that no additional time be granted.

Mr. Les Benjamin (Regina-Lake Centre): Mr. Speaker, two or three times in each session of Parliament the subject of Canada's national transportation systems comes before the House. Historically, for many years—

Mr. Nowlan: On a point of order, Mr. Speaker—

Mr. Speaker: Is this a point of order?

Mr. Nowlan: Yes. I appreciate the order made by the House, but during his remarks the minister did say that he hoped to table that second report of the federal provincial agency, from which I thought he was taking some of his remarks.

Mr. Speaker: That was my understanding also. The minister did ask that it be tabled at the end of his remarks. Has the minister leave to table these documents?

Some hon. Members: Agreed.

Mr. Benjamin: Mr. Speaker, for many years the problems of Canada's national transportation systems have remained pretty well the same. There has not really been any fundamental change in the problems, and I suggest there has not been any fundamental change in the cures or solutions put forward by either of the old line parties which have taken turns in governing the country for the past 100 years.

I want to say to the minister that there is no argument at all with him, or with anybody else, about Parliament, cabinet or himself interfering with the day-to-day operations of the railways and airlines in our national transportation systems. No one would suggest for one moment that this House, or he himself, should attempt to run the railways and airlines on a day-to-day basis. That has never been the question or the problem. That is why I say that that is a strawman. No one is suggesting that this minister or this government do that. What is at issue is that unless we have a fundamental change in the policies, in the framework within which our national transportation systems must function, then we will continue to have the problems we have now.

The minister speaks about the Canadian Transport Commission, and about how it has lived up to the requirements of the National Transportation Act. I do not doubt that for a moment. But, Mr. Speaker, that act was designed to militate against the best interests of Canadians in different regions. It was designed to militate in favour of something that the minister himself said was a profit oriented transportation system.

When one speaks of the CTC, one is reminded of the story about the skunk and the chickens. When you appear before the CTC and want a hearing, file an appeal, make an application on behalf of a railway or an airline, of course the Commission goes through all the formalities required by law. But it is something like what happens when a skunk gets into the chicken coop. The skunk takes several chickens back home to his family. When they get there the chickens say, "We want to lodge an appeal." The skunk says, "Fine. We will give you a proper hearing." The chickens then get a proper hearing, according to all the rules and regulations laid down by skunks, and at the end the chickens still get eaten.

The same thing applies when the CTC hears applications for the abandonment of rail lines and for the closure of agencies. Last winter scores of agencies were closed in western Canada. Even the personal representations and briefs, presented by members of this House and members of the other place to that august body, the CTC, were given short shrift. Within a matter of days the railroads were given the go ahead to close scores of agencies. In effect, Mr. Speaker, we were eaten again. I submit that until there is a fundamental change in the policy and the framework within which our national transportation systems operate, we will continue to have this problem.

• (1600)

Our country is 4,500 miles wide, is nearly 4 million square miles in area, but has only 22 million people, and yet we continue to put up with a transportation system that might work in a country one-quarter that size with at least ten times that population. In addition, Mr. Speaker, the geographic reality is that not only are we that large in size and small in numbers, but we refuse as a nation to face up to the other reality. We are a northern nation and seem to be incapable of acting accordingly. We build roads, houses and automobiles meant for one or two thousand miles south of here. We operate transportation and communication systems that still cannot cope adequately with our geography and climate. One could cite all the defects of rail transportation through the Rocky Mountains this past winter. To hear the minister in charge of the Wheat Board (Mr. Lang) talk, one would think that this was the first winter we ever had rock or snow slides. Our transportation system is incapable of coping with our geography.

In so far as transportation is concerned, we are a nation that has succumbed to economic rules and conventional practices that other nations gave up a long time ago. We continue to abide by these rules and practices whose example and history neither meet our needs nor suit the requirements of a northern country as vast and thinly settled as Canada. If we are to remain a united country because we can communicate easily and cheaply from one end of it to the other—without "Ma Bell"—United because we can transport our people in terms of numbers and costs that any Canadian can afford, united in that we can move goods from Halifax to Vancouver at freight charges that apply equitably to all Canadians, then one of the first priorities for a united and independent Canada has to be

a publicly owned, financed and operated transportation and communications system.

This means for example, Mr. Speaker, a stove manufactured in Nova Scotia, laid down in Halifax, Montreal, Toronto, Regina or Vancouver will contain in its selling price the same freight charges. It is lunacy to continue to advocate industries, particularly manufacturing, for the maritimes or the prairies or rural Quebec that cannot compete with industries, manufacturing or any other kind, that have the geographic and transportation advantages of being located on the outskirts of Montreal, Toronto or Vancouver. What I am suggesting here, Mr. Speaker, is a form of equalized freight rates or subsidized rates to a greater degree than we now have, or a combination of both.

Even more important is how we are able to transport people within our nation. Surely, it betrays some kind of national schizophrenic tendency or death wish when it is made cheaper for a Canadian to fly from Montreal or Toronto to Europe than from Halifax to Vancouver or Newfoundland to British Columbia. How ridiculous, and embarrassingly so, we have to appear in our own eyes when our national air system can offer us economical excursions to the southern U.S.A. or the West Indies or Mexico, in mid-winter and yet cannot offer the same kind of cheap fares into the northern parts of six of our provinces in summer or winter, or, if they did, could not accommodate us once we got there. If one were trying to get a job, going to see a loved one, or just getting to know our country and our fellow Canadians better, whatever it might be, our transportation system would almost be a handicap.

To accomplish or even approach these goals we must first, as a nation, radically revise the National Transportation Act which perpetuates criteria that are not only outdated but have never met the requirements of the people in a northern nation as large and thinly settled as ours. To be more precise, the Transportation Act is responsible for the uncertain future of passenger service in this country and, in my opinion, it seems to have been deliberately designed to encourage the railways to get rid of their passenger trains. The railways want to abandon passenger service—they have made no bones about it—and to do so they have only to prove to the satisfaction of the Canadian Transport Commission that the service is losing money to get a ruling either that abandonment can be proceeded with, or that it cannot, in which case the government will subsidize losses to the extent of 80 per cent.

The bias in the act is clearly in favour of discontinuance. It implicitly discourages the railway from looking beyond its profit and loss statement in determining passenger policy by making it impossible to obtain a subsidy on a service without applying to abandon it. The act puts the emphasis on the strictly "economic", meaning profitability, as opposed to the broad social effects of abandonment. The Transportation Act places emphasis on profitability in our transportation systems—with service to the public and fulfilment of Canada's transportation needs receiving only minor consideration, if any at all.

Policies of successive governments in this country have been outdated, fragmented and short sighted. The major flaw in present policy and law is the continuing application of the "free enterprise", competition and profitability criteria to the operation of our national transportation and communication systems. Mr. Speaker, I have said this before in this House and I make no apology for repeating it. Railroads, airlines, telecommunications are all essential public services and, consequently, are public utilities, yet we continue to operate a system where profitability is the over-riding consideration when arriving at the kind, quality, frequency and efficiency of our various transport systems. Railways and airlines are necessary services, which puts them in the same category as streets sidewalks, sewer and water systems, or our postal system. No one, not even a raving "free enterpriser" would suggest that sewer and water systems, or streets, sidewalks and highways should make a profit, or that there should be competition in these areas. They are essential public services, meeting basic public needs and the public is willing to pay for those services both directly and indirectly.

Attempts in recent years to get our postal system to the point where it "pays its own way", to quote a late and unlamented minister, ended in a debacle witnessed by every member of this House. But that was an excellent example of how the application of so-called "free enterprise" concepts to essential public services not only does not work, but does a disservice to our country and our people. We in the New Democratic Party believe we must have policies and laws that put service before profits in the area of transportation. We believe that since our national transportation systems are an essential public service, they should be publicly owned and operated.

It is as ridiculous to continue operating our national rail and air transportation systems with competing railways and airlines as it would be if we had two or three competing water systems under our streets, or two or three competing post office companies. With three or four exceptions, railways all over the world lose money on passenger business, or on all their operations, whether they are publicly or privately owned. But in a number of countries, notably France, where the railway is publicly owned, they have been concentrating on the upgrading of passenger services, and are being rewarded with increasing numbers of passengers. While France and many other countries subsidize their railways, their people enjoy fast, modernized, frequent passenger service at modest fares. In Canada we lose both ways, we subsidize our railroads and receive ever-decreasing service for our money.

I have received a publication, Mr. Speaker, as I trust all other hon. members have, called *France Actuelle* which is published by a private association of French businessmen. It does not come from some of the hard-nosed socialists or radicals who want to nationalize everything. In the issue of November 1, 1971, an article on the front page reads:

> The French now take it for granted.
>
> But American and other foreign visitors since the situation in their own countries seems so otherwise, almost always remark with astonishment and pleasure on France's modern railroad system and equipment, with their high speeds in safety, cleanliness, comfort, excellent moderate price meals en route and general superior service.

Further on the article reads:

> The French, although born gripers, complain very much less about the service they get on their state-owned and operated . . .

railroad system than the American public does about the quantity and quality of service it gets (or doesn't get) from some of the privately owned and operated ... railroad lines in the United States.

And further on:

The French railroad service does not pay its way—no nation's railroad system does. In 1969, the French railroads "lost" $354.8 million—compared, for instance, to the Italian railroads' 1969 deficit of $504 million, and the Japanese railroads' $453 million.

• (1610)

However, Mr. Speaker, those losses were paid by those nations as a whole. As a result of the public paying, both through fares and subsidies, they receive superior, fast, efficient and comfortable passenger service. The record of these operations, compared to the dismal showing we make in our nation, should cause us to take a more serious look at the kind of national transportation policies we have.

A number of steps must be taken to start putting our transportation system in a situation where Canadians in all parts of the country will get fully modern, efficient, integrated transportation services at fares and rates that are more equitable, and that they can afford. I would like to suggest a few changes.

First, we should make basic changes in our transportation policy and legislation that would put service and meeting transportation needs ahead of profitability. As long as the government and the Minister of Transport (Mr. Jamieson) advocate that Canadian National Railways and Air Canada should operate on the basis of profitability first, we will continue to have the kind of service we have had and it will get worse. As long as we continue to treat both Canadian National Railways and Air Canada unfairly in terms of private competition, they will continue to have the difficulties they now have and they will get worse. While I am not one of those who advocate state ownership of everything, I submit and the New Democratic Party believes that in the areas of transportation, essential public services and utilities, private enterprise has no place. In fact, it is inefficient and cannot meet all the transportation needs of any nation. We not only have the evidence of that in our country, but in scores of others. There is no need or place for private enterprise in our railway system or in our airlines.

The National Transportation Act needs to be amended to ensure service and the meeting of transportation needs must take priority over profitability. Unless we make that reversal in our present policy, regardless of what the hon. member for Moncton (Mr. Thomas) might say, I submit these problems cannot be solved by continuing on the same track we have been on since 1867.

My next point covers an amendment that I will be moving. My colleagues and I have considered this very carefully. We do not in any way want to detract from the motion of the official opposition, but I submit that this amendment will merely be an addition to their motion. We hope it will point out one area in which the government and Parliament of Canada should move, that is to bring under public ownership the Canadian Pacific Company. I deliberately refer to in it that way because I understand that is now the official name of its railway and subsidiary operations. Only in this way can a change in the priorities

of the CPR be brought about. This issue has been before Canadians for many years, and it has been a policy proposal of our party since the early thirties. That policy was accepted by our party in 1933. This reminds me of the time in the early thirties when there was talk about taking over the CPR. A farmer asked the CPR station agent for the time. The agent said "It is three o'clock CPR time." The farmer said "My God, do they own that, too!" That octopus needs to come under the ownership and control of the Canadian public.

We have a number of other proposals. If I had more time, I would elaborate on them. One in particular would be removing the financial handicap of the CNR by having the government take over the nearly $2 billion long term debt, making the government a full shareholder on behalf of all Canadians and relieving the CNR of this heavy interest load.

Another proposal would be to bring about by stages, to as great a degree as possible, equalization of rail and air passenger fares and freight charges. Other proposals are putting an end to any further eroding of Air Canada routes and fully integrating a publicly owned CP Air into the present Air Canada system. Why do we need five regional carriers?

In view of these remarks and the remarks which my colleagues will make, I move, seconded by the hon. member for Kootenay West (Mr. Harding):

That the motion be amended by changing the period at the end thereof to a comma, and by adding immediately thereafter the following words:

"and further, as a step toward meeting this end, the House calls upon the Government to give consideration to the introduction of legislation providing for the public ownership of the Canadian Pacific company, including its railway and ancillary operations, with the objective of providing Canadians with efficient, integrated rail, air, water, communications and interprovincial trucking systems that give priority to service over profit."

The Acting Speaker (Mr. Laniel): Order, please. After looking at the amendment and Section 3 of the National Transportation Act, which is referred to in the amendment, I am prepared to accept the amendment moved by the hon. member. Unless hon. members wish to express a different opinion, I will allow the amendment to be put.

Mr. Steven Otto (Parliamentary Secretary to Minister of Supply and Services): Mr. Speaker, I am not sure that the hon. member for Moncton (Mr. Thomas), who moved this motion, had in mind the type of transportation policy recommended in the amendment moved by the hon. member by Regina-Lake Centre (Mr. Benjamin). I am sure the Conservative party did not intend this motion to include the nationalization of the CPR. Indeed, if it went no further, I imagine someone from the New Democratic Party would move that the whole kit and kaboodle come under the Saskatchewan government and that would be the death of the whole works, considering the experience with nationalization in that province.

The minister stated that the purpose of the act and the policy is to ensure that the railways operate with a profit motive. I am not so sure that they have operated with a profit motive. Indeed, if we examine the CNR over a period of years and the accumulated debt. I do not think we could say that there was much profit involved. It

shows a fault not only in the people of Canada, but the railways, which could be referred to as a sort of tunnel vision.

One hundred years ago it was said that we must have a railway connecting this great country from coast to coast. In exchange for this railway, the government of the day said, "we will give you all kinds of goodies, including land, oil rights and timber limits." This was an enticement. I wonder how many of us have considered the change in the structure and emphasis that is now necessary after 100 years to the Railway Act and the structure of the CNR and the CPR.

• (1620)

Originally it was the intention of the government to put in a line at any cost, and at that time it was a great undertaking. But today we need to re-examine the role of the railway companies, to re-define their obligations and their privileges. Consider what happened only 50 years ago. Canada stood, then, in a very favourable position. The new, developing nations had been able to accumulate little capital. Germany, Japan, great nations now, were either in a turmoil politically or lacked the capital resources necessary to enable them to compete with us, so close to the United States with our relatively advanced techniques. Rail transportation was therefore not so important as far as we were concerned. We could set profitable rates and still enjoy a competitive edge over our rivals.

That picture has changed. Under the Marshall Plan after the world war, and on a continuing basis through international development funds since then, we, together with other countries have provided capital and techniques to less developed countries with the result that nations which are small or which enjoy a favourable geographical transportation area can outbid us and outprice us. The hon. member for Moncton (Mr. Thomas) spoke about Japan. That is, of course, a small country; a plant established anywhere in Japan might as well be on the seacoast. Hon. members all know that if we set up a plant, say, in Winnipeg it is a long and costly affair to send the goods to the coast to compete with countries which enjoy easier access to the sea—and transportation by water is still the cheapest form of transportation and will probably continue to be so for a long time.

In Germany a plant can be established 180 miles up the Rhine from Wilhelmshaven. But what happens? The barges are owned by the government, the barge masters are paid by the government and the charge levied against firms for bringing their goods down to the seacoast amounts to pfennigs, a few cents per ton. In other words, because of the geographical course of the Rhine every industry in Germany might as well be right on the seacoast. This is what is happening in the world today and we, as a member of the United Nations and as a contributor to the International Development Fund are supporting the new nations and equipping them to compete against us. However, under the GATT Agreement there is a sanctimonious idea that we dare not take any new tangent to solve our transportation difficulties and place us in at least a competitive position equal to that of other nations.

As a result of this tunnel vision which the railways have exercised, along, to an extent, with a great number of other Canadians, there is a good deal of hesitancy about subsidization, or, more generally, about approving government interference with the conduct of the railways. All of us need to re-examine this question and ask ourselves whether the Transport Commission is fulfilling the role which Parliament assigned to it, whether the role of the commission should be re-defined, and whether the whole of the transportation Act might not be revised so as to re-define the purpose of the railways. We might ask ourselves whether automation ought not to be considered. Right now we are following a vicious circle. Despite all the yearning among hon. members opposite for a new policy on the part of the companies, the minute railway managements introduce a newer system we find the work force backing off and saying: we shall lose our jobs. So it is a vicious circle. The companies are saying: these lines ought to be abandoned, but if they are continued the government will subsidize them.

We might further ask ourselves whether there is room for the railway companies to provide transportation within metropolitan areas. If the hon. member for Moncton was correct in predicting that in a few years 94 per cent of the Canadian people will be living in the cities and that most of the goods will be produced and consumed in the cities, what will the railways do? Outside the urban areas they will have no purpose at all. So we should consider whether or not the railway companies—any overland transportation—can find a useful place within metropolitan city structures. My feeling is that following a redefinition of the whole purpose and obligation of railways and intercity, metropolitan involvement should be part of their role.

It is obvious that if the railways lose money—and they are losing money on their transportation services—they will become increasingly involved in the business of hotels, office buildings, oil wells, minerals, exploration companies and so on. But is this really fulfilling the function they were authorized to fulfil? The companies say if they are losing money on railways they have to find the money somewhere else. Unfortunately, it is not very practical to use profits earning in one direction to cover substantial losses in another. It does not make sense. This is why I say we should redefine the function which the railway companies should perform.

For example, I have no doubt that bearing in mind the subsidy we are providing to both railway companies, and the opportunity for availing ourselves of new techniques, including automation we could send every person in this country anywhere he wants to go in Canada, and ship every ounce of material or manufactured goods across this country free of charge. Taking into account the fantastic subsidies we are providing and the room which exists for the introduction of new techniques and methods, I believe we could probably, for a nominal amount, provide a free transportation system throughout Canada. It would then be possible, say, for Winnipeg, Edmonton or the northern areas of Ontario, to produce goods which could be sold competitively with goods produced in Toronto, Montreal and Vancouver. In these circumstances we might witness a reversal of the growth of the metropolitan areas to which the hon. member for Moncton

referred. If people could do the same kind of work outside a metropolitan area, and if transportation difficulties were minimal, they would hesitate before moving into the big cities. It might be that a change in our thinking with regard to overland transportation would bring about a halt in this movement toward larger and larger cities with all the problems that arise from them.

• (1630)

The hon. gentleman spoke about France and its wonderful transportation system. There is no reason why our railways could not provide a good transportation service in metropolitan areas as a substitute for automotive traffic—the great headache. The hon. member of the NDP will realize that the reason people use a car is that they are willing to pay for the extra square footage they receive and for the comfort. If you provide a substitute system you must also provide the same comfort. It is not enough to say that during the rush hour people must hang on to a strap because trains are crowded. This is why people prefer to take their own car. However, if you tell people that they can have a compartment, then they will pay for it.

Mr. Benjamin: You want to crowd the roads instead.

Mr. Otto: The hon. member opposite who made that remark said that this would not be fair, that people want equality. In other words, they all want to be crowded. We must discover why it is that people travel by car. Then we should introduce a new railway system, be it a monorail system or some other type. We should give the railways increased rates or whatever it is, but they should then be obligated to provide a service that the people will use. This means research must be done. They cannot finance this research out of their present earnings because they do not have any. The railways did introduce a new turbotrain running between Montreal and Toronto; they lost a little money, it did not work perfectly and so they forgot about it. Within the structure of the transport department there are facilities and money for research. We should emphasize to the railways that we will give them the money that is required to introduce a more efficient system.

In conclusion, since my time is almost up, may I say that if the motion had been phrased in this way, that the Canadian people should consider a new role for the railways, then it would have been acceptable to me. But I do not think you can blame the government for having the same type of vision that all Canadians have, and I include the hon. member.

Mr. J. H. Horner (Crowfoot): Mr. Speaker, in rising to speak to this motion, may I briefly refer to the first part of it, which reads:

> This House regrets that the government has failed to develop the National Transportation Policy pursuant to section 3—

Section 3 of the act provides:

> It is hereby declared than an economic, efficient and adequate transportation system making the best use of all available modes of transportation—

—be established. That act was passed in 1967 but the government has done very little to provide the leadership necessary for an adequate transportation system in all parts of Canada that makes the best use of all modes of transportation. This is what I will attempt to prove in the 15 minutes available to me, which is a very short space of time.

Mr. Otto: The act also says an "economic" transportation system.

Mr. Horner: An economic, efficient and adequate system to serve the people of Canada. We have a population of 22 million stretched across the country a distance of 4,500 miles. This is why we need an adequate system. An economic and efficient system might mean one rail line running between Montreal and Toronto. Such a line would be economic and it would be efficient, but would it be adequate for a country the breadth of ours? No, it would not, and this is the point I want to make.

What has been done to develop the port of Churchill? Certainly, not very much, yet much grain could be moved out of that port. A lot of grain out of what might be called the central prairies could be moved through the port of Churchill at about 11 cents a bushel saving to the prairie farmers. This year the price received by the farmer for his wheat has been the lowest in the last ten years. In 1969 wheat tonnage going through the port of Churchill amounted to 656,000. In 1970, it amounted to 738,000 tons and in 1971 it was down to 617,000 tons, in round figures. Has the government been encouraging importation of goods through that port? Not very much! Has the government established larger warehousing facilities at the port of Churchill to handle other produce coming into that port for what might be called the central prairies? No, it has not.

Mr. Otto: What about Vancouver?

Mr. Horner: I will come to Vancouver in a moment. Has the government established a longer insurance period for grain moving out of and through the Hudson Strait? No, it has not. The government did encourage some international insurers to take a look at the port, but nothing came of it. The government has not provided any leadership to develop this port.

Much has been said about modes of transportation, yet section 3 of the act has not even been implemented. That section refers to the trucking industry, and whether that industry can compete favourably with the railways on the prairies. Under section 3 of the act, regulation of all modes of transportation will not be of such a nature as to restrict the ability of any mode of transport to compete freely with any other mode. We all know that under the Motor Vehicle Transport Act, which was passed in this House in 1954, there are all kinds of restrictions on trucking companies in the provinces that inhibit them from competing favourably with the railways. Some interesting figures have come to light recently regarding feed grain assistance given the trucking industry in the province of Quebec.

I have before me the Canadian Livestock Feed Board annual report, in which table 15 clearly outlines that from Thunder Bay to Chicoutimi the rate for rail transportation of feed grain was 92 cents per hundredweight in 1967. Since feed grain assistance was given to trucking firms,

the rate has progressively gone down, until in 1971 it was 55 cents a hundredweight. The rate from Thunder Bay to Ottawa in 1967 was 73 cents per hundredweight, but this rate has also progressively gone down until in 1971 it was 41 cents per hundredweight, and this purely because of competition.

We have not progressed one little bit in implementing section 3 to bring about greater competition on the prairie provinces. Let us look at the recently announced statement of the government regarding diversifying rail movements to the west coast. The government announced in the House, with all the fanfare that it could muster, that it was going to spend $5 million in developing the port of Prince Rupert. I should like to quote from the committee proceedings No. 9 for Thursday, May 25 last. As reported at page 9:63 I asked this question:

> I would like to question you briefly on the concept of the $5 million for Prince Rupert. This is a very worthy project and so on and so forth. What disturbed me about the announcement is that tagged along with it came the statement that we would invite suggestions as to how to develop this port.

I suggest the government might just as well have said that it was going to spend $100 million—which might have got a few more votes on the Prairies—because the government does not even know how to spend $5 million. Eventually, the government well might. In reply, the minister said:

> On the question of the $5 million, basically my conception of that is that it would probably be used in the first instance, if it was deemed to be clearly necessary—in other words, if conditions proved it—probably to increase the bulk loading, and especially the grain handling facilities in Prince Rupert.

So, the minister is saying that the $5 million would probably be used if it was deemed to be clearly necessary. He does not know whether it will be clearly necessary. At the time of the government's announcement, the port of Vancouver was in great difficulty as a result of snow problems in the Rockies. The minister thought that the best way to divert shipments would be to suggest development of the port of Prince Rupert. He threw out the political bait of $5 million for Prince Rupert, and then admitted he had no idea how to spend it. Then, he continued:

> But in other words, if there is a demand for more grain storage at Prince Rupert, then the funds have been allocated so that that grain storage can be provided.

• (1640)

It is the old question of which comes first, the chicken or the egg. Do you provide facilities at Prince Rupert or do you wait until that port is cluttered up with grain, then acknowledge that grain is being shipped out there and that another port, a dock or storage facility should be built? This has been my complaint in respect of the government of the day in the field of transportation. It has failed to provide leadership. It is not good enough to say we will spend $5 million, the government must say it will spend $5 million for this thing, that thing and another thing. The government must say it wants the railroads to move grain to that port and commodities from that port.

When we are dealing with Pacific rim countries we must remember that Prince Rupert is closer to those countries than the Port of Vancouver and other ports on the west coast. What is the situation in Prince Rupert? In 1962 and 1963 the government built elevator storage there at a cost of $620,000. Government expenditures there have gone downward sharply in each year since then, to the point that last year only $57,000 was spent by the federal government. This does not really encourage much development at that port. There is one major storage facility for grain with a facility to load ships for grain and one for general material such as lumber and so on. The Prince Rupert port is relatively open to storms originating in the Pacific Ocean. Perhaps the government could spend part of its money building more facilities there for the handling of grain. It should also encourage railway companies to use that port.

What has the government done in respect of grain handling facilities at the Port of Vancouver? In 1967, the federal government spent $17 million or $18 million at that port, and its expenditure has gone down since then to $6 million last year. In comparison, federal government expenditures have been in the area of $19 million to $20 million for the last four or five years at the port of Montreal. The Department of Transport has suggested it will develop a new concept called a user$ concept. What has happened in respect of traffic in Vancouver as compared to traffic in Montreal? The traffic in Vancouver has sharply increased and it is now handling 27 per cent of all tonnage in and out of Canada.

Mr. Deachman: Hear, hear!

Mr. Horner: I notice the hon. member for Vancouver Quadra (Mr. Deachman) applauding. Let me remind him that the government of which he is a party member has sharply curtailed its expenditures at that port. Let me remind hon. members of the competition that the Port of Vancouver has from that port to the south, namely Seattle. I am sure the hon. member is aware that Seattle has developed its port to the point it now has 10 or 11 containerization facilities, while Vancouver is in desperate need of a second containerization facility. Because Vancouver does not have the facility, it is continually losing trade to the Seattle port. It is cheaper for Japanese goods to come into Seattle by containerization, where they are handled quickly and efficiently and moved to western Canada or central Canada. If you talk to the people in the Vancouver Port Authority, you will find this out for yourself.

I was pleased to note the other day that the government intends to contract for the construction of 2,000 hopper cars. I referred to this need in a speech I made in respect of transportation of March 8, and I am pleased to see that some of my suggestions are being accepted. We have another problem in respect of our rail system throughout Canada. Much of our Prairie rail line is up for abandonment, and our second and third lines cannot handle a full hopper car because of the weight of our trackage. Most of these lines can handle only a 2,000 bushel car, but a hopper car can carry 3,000 bushels. There is not much point in building hopper cars if the trackage is not heavy enough to carry them fully loaded. Has the government clearly enunciated a policy of upgrading our secondary rail lines to handle maximum loads before allowing main line abandonments? I suggest it has not, but this should be done.

There has been a great deal of talk about the concept of Crowsnest Pass rates and how terrible they really are, but even some members of the Liberal party from western Canada admit there is a problem. It has been suggested the railway companies are not making enough money and that is why they are not interested in handling grain. I have often said, as have other hon. members, that there is no Crowsnest Pass rate in respect of the movement of cattle. Last fall the companies did not look after that business very well. There were reports of cattle cars arriving in eastern Canada with as many as 10 or 20 head of cattle dead or dying because of the poor handling by both railways, the CPR and the CNR. There was no freeze on freight rates and there have been seven or eight freight rate increases since the 1967 National Transportation Act came into effect.

What is the situation in respect of Crowsnest Pass rates and are the railroads losing money? It is interesting to make a comparison of those years in which the railroads moved the most grain for export, particularly as to the profit and loss picture. In 1966, the railroads handled a record amount of grain for export, some 815 million bushels. The CPR's profits were never higher. They had a net profit of $50 million on freight that year. If the railway was losing money moving grain and handled twice as much as they normally handle, one would expect their profits to be down, yet in 1966 the profits were higher than in any of the 10 previous years. What is the case as far as the CNR is concerned in the movement of grain? Before the interest on debt is taken into consideration, in other words the net operating profit or loss picture of the CNR for 1966, the profit was $24 million. That profit has not been higher in any one of the previous 10 years.

In 1971 the estimated movement of grain, that is barley, wheat and other grains for export, was 800 million bushels, nearly equal to that for the year 1966, yet in that year the CPR showed a profit of $45 million while the profit for the CNR in the same year was $21 million. In 1970, the CPR's profits were $38 million and the CNR's profits were $14 million. One could go back over the years, but I am hitting the highlights to point out quite clearly that the argument that they are losing money in the movement of grain on Crowsnest Pass rates is wrong. If they were losing money, then the more grain they moved the lower their profits would be, and that is not the case.

I see my time has nearly expired and you are about to rise, Mr. Speaker, so I thank you for this opportunity of expressing my feelings.

Mr. Randolph Harding (Kootenay West): Mr. Speaker, I welcome the opportunity to take part in this discussion of our national transportation policy. There is a pressing need in Canada for some major changes in our over-all approach to transportation problems. As an important trading nation in both industrial goods and raw materials it is absolutely essential that our national transportation system provide quick and cheap access of goods and people to every part of our nation.

Canada needs an integrated transportation policy which would take into consideration the four major means of transport; air, rail, road and water. The lack of an adequate policy and program by the present government is apparent in all fields of transportation. Our rail service for passengers and all types of goods is anything but satisfactory. Discriminatory regional freight rates are allowed to exist in our country and nothing is done to remedy the situation.

Moves are being made by the B.C. government and certain economic interests to siphon off part of the coal haul in the east Kootenay area to a United States railway line. Again, there is silence and lack of federal policy and direction on what could become a major communication problem in every part of Canada. The building of the Kootenay and Elk railway should be blocked by the federal government, if necessary by an amendment to the Railway Act. In addition, this government should lay down a national transportation policy which would ensure that goods and materials for shipment or export would be carried wherever possible over our own Canadian communications system. I should like to give in more detail the serious economic effect which the building of the Kootenay and Elk railway would have not only on the economy of the Kootenay area but on the economy of Canada in general.

• (1650)

If this type of railway construction can be licensed provincially, then something is seriously wrong with our Railway Act. This contemplated railway cannot in any sense be classed as a provincial railway. It is merely an appendage to a United States railway called the Burlington Northern, and should be wholly under federal jurisdiction. The building of the Kootenay and Elk railway has been backed by the Social Credit government of British Columbia and by the previous Social Credit government of Alberta. Both governments sent legal counsel to the Canadian Transport Commission hearing in Ottawa in the fall of 1970 to back up the case presented by the Kootenay and Elk railway.

It is difficult to understand why any provincial government would take such a stand in view of the serious economic effect the loss of jobs and income would have on the general economy of the area. If an alternate route to the Pacific coast were required it could and should go over the existing Kettle Valley line which closely parallels the United States border. This line should be upgraded and used as an alternate route for the coal haul and as a possible return route for the empty coal trains. There is no need for further sellouts to foreign transportation systems, for the existing rail facilities in the area can handle the present coal haul and also any increase in future exports.

Right from the start the Kootenay and Elk railway was never intended to be a provincial railway in the true sense of the word. It was a scheme to establish a competitor to the CPR for the transportation of coal from the east Kootenay coal fields to the Pacific coast via an United States railway line. It was never intended to be a wholly intra-provincial railway because it was not to operate as a common carrier. It was not to have any rolling stock or equipment of its own. That would all belong to the Burlington Northern.

What a ridiculous situation it is for the government of British Columbia to claim that this could possibly be a provincial railway. It is nothing but an appendage to a

United States railway system and as such should be wholly under the control of the federal government. As Chief Justice Hall pointed out in the recent decision handed down by the Supreme Court of Canada, no one disputes the jurisdiction of the province of British Columbia in incorporating a railway to operate wholly within its boundaries, but it is equally clear that the province has no jurisdiction to incorporate a railway which is, in its inception and concept, international in character. He goes on to say when the application to incorporate the Kootenay and Elk Railway was made the incorporators knew that it was to be an appendage to be used entirely so far as international rail traffic was concerned.

I should like to deal with several of the economic aspects of this particular Kootenay and Elk railway and point out how it could severely affect the whole transportation policy of Canada. It seems to me, if the federal government intends to allow the building of a small spur line in one province, such as we see in respect of the Kootenay and Elk railway, and allow it to haul bulk cargo, in this particular case coal, down to the United States border and over a United States communications system to the Pacific coast, then there is nothing to stop similar lines being built in every province of Canada. What, for example, is there to stop another link being built in a prairie province or in all the prairie provinces to connect with a United States railway line to the south so that Canadian wheat could be hauled to eastern or western points. What would stop a similar link being built to carry bulk cargoes of potash over United States railway lines? All I need mention in so far as the interior of British Columbia is concerned, is that there is nothing to stop tens of thousands of cars of lumber going down these spur lines into the United States when in my frank opinion the cargo should be hauled over our existing communications system. This would not only affect the province of British Columbia. It would affect the entire transportation system of Canada.

We find that the Minister of Transport (Mr. Jamieson) and the federal government have kept mighty mum in respect of this particular rail link. The position our party has taken, which I strongly endorse, is that we should stop the building of the Kootenay and Elk railway, even if this means amending the Railway Act in order to make certain that construction does not go ahead. Very recently the Corporation of the City of Revelstoke, a number of other municipalities and organizations in our area, and in fact in the whole interior of British Columbia, have been sending briefs to the Transport Commission, to the Prime Minister (Mr. Trudeau) to the Minister of Transport, and, of course, to their local M.P. in opposition to the building of the Kootenay and Elk railway. They know what will happen. Every unit train which is diverted south of the border will mean that 60 or 70 Canadian jobs will go down the drain. In a time of high unemployment we are fed up being faced with the possibility of a further erosion in the employment picture so far as the whole Kootenay area is concerned. This is what is disturbing these people. It is not a case of them being selfish or greedy. They realize jobs mean a large payroll in the communities in which they live.

We and the people in these communities are aware of the severe economic loss which will take place in respect of Canadians generally if this line is allowed to go ahead. There is another aspect of this which I believe I must draw to the attention of members of this House. I am not thinking merely in terms of jobs so far as Canadian railway workers are concerned. I am thinking of jobs related to this whole matter of diverting trade to a foreign railway line. If the Kootenay and Elk railway is built, the sponsors have already stated that they are going to use the equipment belonging to the Burlington Northern railway. What does this mean? It means loss of Canadian jobs. Let me put it in another way. The locomotives that haul the coal trains are built in the city of Montreal by Canadian workers using Canadian material. Every coal car in the unit trains, and they are 70 or 80 cars long, is built down in Nova Scotia in the Hawker-Siddeley plant in an area where there is extremely high unemployment, and again they are using Canadian material. The steel for the railway line which has to be replaced quite frequently comes from Ontario, from Sault Ste Marie, Hamilton and the other steel plants in the province. All kinds of communications equipment is manufactured right here in Canada, and even the ties that we put under the rails come from our British Columbia woods. This is why I contend it is not only a problem of employment in the Kootenay area. This is a national problem, and we have to look at it nationally. If the construction of this link goes ahead, and we do not take a firm and decisive stand on it, then similar links will be built in other parts of Canada for the hauling of bulk products, again with an erosion of the type of jobs which I have just mentioned.

• (1700)

It is for these and for other reasons that we are asking the federal government to set down a crystal clear communications policy for Canada. Wherever possible, bulk cargoes and goods should be carried over existing Canadian communication lines to the points of export. There is nothing wrong with that. We have been subsidizing the railway systems for years on their coal hauls in an effort to make them pay their way. Just when we reach a point at which they might make some profit through the lucrative coal hauls, there is talk of diverting a part of this trade to a foreign rail line. I want to say that this does not meet with any amount of approval so far as the residents in our area are concerned. We are strongly opposed to it and we are asking the federal government to do something about it.

So far as this rail link is concerned, I do not want to see it built to haul coal. In fact, I do not want to see it built at all, even as a common carrier because the very same principle would apply. If it is built as a common carrier we are going to see a big chunk of our lumber go down the Windermere valley over the American lines and on to the various parts of the United States where lumber is taken to market. This will reduce the railway crews working on the Prairies, because this lumber now goes as far east as Manitoba and down into the United States through Emerson.

The Acting Speaker (Mr. Boulanger): I regret to interrupt the hon. member, but his time has expired.

Mr. Ross Whicher (Bruce): Mr. Speaker, I hope to be very brief because many of the things that I will be saying

in the next few minutes have already been said in the House over the past few years, and it is only because the motion of the hon. member for Moncton (Mr. Thomas) was put forward this afternoon that I believe some facts should be emphasized once again.

May I start by saying that I agree substantially with the motion put forward by the speaker for the Progressive Conservative party, the hon. member for Moncton. I say this because in the past week, along with other members of the Standing Committee on Transport of the House I have been visiting western Ontario. We attended hearings in the city of London, in Chatham, Stratford and the town of Walkerton. With respect to the speech made by the Minister of Transport (Mr. Jamieson) earlier this afternoon, made in a very capable manner, in my opinion he defended a rather weak case. I must tell him that, without exception, not one of the briefs that were presented to us in each of the four places took the view that he took this afternoon.

He stated that the Canadian Transportation Commission, which is responsible to the government of Canada, has been doing a good job so far as passenger transport is concerned, particularly in western Ontario. I must remind you that the Parliament of Canada, through its national transportation policy, states:

—an economic, efficient and adequate transportation system making the best use of all available modes of transportation at the lowest total cost is essential to protect the interests of the users of transportation and to maintain the economic wellbeing and growth of Canada.

Having quoted this, may I ask the Minister of Transport the following question through you, Mr. Speaker: how can the transportation system be "economic, efficient and adequate" when in certain areas in the province of Ontario there is no transportation whatsoever, by rail, by bus or by air? The only form of transportation that is available to the people in those areas is the automobile. Of course, you and I know that not everyone in Canada drives an automobile. They may be senior citizens or they may have no wish to drive a car, or else they may not have the desire to drive into a large city like Toronto where it is very difficult for other than professional automobile drivers to get around these days. There are many municipalities in western Ontario which simply have no mode of transportation whatever.

I refer you to a front line story in the *Globe and Mail* of a week or so ago which referred to the situation in the town of Chesley, a beautiful town approximately 120 miles from the city of Toronto. It would be far faster for any resident of that area who does not have an automobile to travel on a horse than it would be to travel by bus or by train. There are simply no trains, and the bus service is so deficient in that area that one simply cannot get out of the town. I respectfully ask whether this is an adequate and efficient transportation system so far as the town of Chesley is concerned. The same is true of many towns and cities in that area. May I respectfully point out that in the great city of Galt, a city of 70,000 people, there is not one single passenger service going either in or out of the city, and this has been so for some months now.

This afternoon the Minister of Transport said the following in defence of the Transportation Commission: "Only about 6 per cent of passenger train mileage in

Canada has been discontinued" in the past few years. What he failed to say was that the hierarchy of the CNR and the CPR have applied for the discontinuance of the passenger service. It is difficult for me to believe that only 6 per cent of the passengers have been affected by the discontinuance of the service. While this may be true, nevertheless I tell you that as soon as the CNR apply for the discontinuance of 100 per cent of the passenger services they will get permission from the CTC if we, as Parliament are not prepared to do something about it.

• (1710)

The hon. Minister stressed that the CTC must be independent in order to do its job, and that there must be a minimum of interference from the government and Parliament. But, Mr. Speaker, where the CTC does not do a proper job we, as members of this House, have an obligation to interfere. We are not here to stick up for the policies of either the CPR or CNR. We here to stick up for the people in our constituencies. The fact is that in constituencies like my own, transportation facilities are not adequate and something must be done about them.

On many occasions it has been said in this chamber that the railways have an obligation to the people of Canada because many years ago the railways were granted certain rights, given large sums of money are huge tracts of land. As a matter of fact, at the hearings we held in Walkerton a few days ago, we were told that many of the municipalities in that area had granted substantial sums of money to the CNR, in return for which the railway promised service in perpetuity. On numerous occasions it has been pointed out that the CPR got a cash grant of $25 million from the people of Canada and 25 million acres of land. In return, it agreed to provide service to the people of Canada in perpetuity. Mr. Speaker, what happens to a farmer in my riding if he gives a mortgage on his farm and cannot pay it? You and I know the brutal facts of life. He loses the farm.

I point out to you, Sir, to the CTC and to the Minister of Transport (Mr. Jamieson) that the railways signed a deal to accept so much money and so much land, in return for which they would provide certain services. Those services are not now being provided. As Parliament, we have an obligation to the people of Canada to see that the railways stand by the bargains they made, and honour the signatures that their officials affixed to certain documents many years ago. It is not just small municipalities which are suggesting that trains be placed back on the tracks in order to provide passenger service. The province of Ontario submitted a brief to the Standing Committee on Transport only a week or two ago, in which one of the strongest recommendations was that passenger trains be put back on the tracks again. I heartily agree with that recommendation.

The other day I read in the financial section of the *Globe and Mail* that the President of the CPR had stated he was pleased to see that the people of Canada seemed to have gotten out of their heads the thought that railways necessarily had to provide passenger service. Mr. Speaker, not only do the railways have a moral obligation to provide passenger service, they also have a legal obligation to provide it. I am sure that if the president of the CPR or the president of the CNR signed a deal with some

of their mining or gas companies in western Canada, they would expect the people on the other side who signed to stick to their bargain. We expect the railways to stock to their end of the bargain with us. This does not mean that we will not discuss a more economic way of providing passenger service. Of course, we will. As legislators we want to do things as economically as humanly possible. But we want to see the people provided with transportation, particularly in areas where there is no bus service or air service. Passenger trains can provide service, and we must interfere with the decision of the CTC on this matter.

I respect the judgment of these gentlemen. A hundred years from now it may be proven that they were right. But at this point in time the people of Canada, particularly those with whom we talked last week in western Ontario, disagree with these gentlemen of the CTC. It costs us a great deal of money to provide passenger service to the people of Canada through our railway systems. But we spend large sums of money on many other causes. The CBC is frequently criticized for its large annual deficits. But the CBC is used to provide television and radio service in both languages to remote parts of Canada. Under no circumstances could such service to the Northwest Territories, the Yukon and the northern parts of the provinces make money. We have accepted the fact that all our citizens deserve this service.

In the same way I have no doubt in the world that the western farmers deserve the 2,000 extra grain cars that are being provided for them through the Canadian Wheat Board at a cost of $42 million, even though I have not yet been told about the financial arrangements. This is a necessary service. I would be the last to criticize it, but I point out that we in western Ontario also deserve something. Factually, Mr. Speaker, 40 per cent of the taxes of all Canada come out of the province of Ontario. One of things we deserve in return is a passenger service, if not by rail at least by bus, or by some other method, provided as efficiently and economically as possible under the dictates of this Parliament and this government. This is something we have not got.

The last part of the sentence I quoted from our national transportation policy read, "it is essential to protect the interests of the users of transportation and to maintain the economic well-being and growth of Canada." It is absolutely impossible to promote the economic growth and well-being of Canadians in western Ontario if we do not have adequate transportation facilities. For this reason I think the hon. member who presented this motion this afternoon was on the right track.

Mr. R. E. McKinley (Huron): Mr. Speaker, I believe that today is an opportune time to have this debate in the House of Commons following the hearings we held in western Ontario last week on the inadequacy of rail passenger service and bus service, as mentioned by the previous speaker. Yesterday in the House a motion was moved under Standing Order 43 by the hon. member for Wellington-Gray-Dufferin-Waterloo (Mr. Howe) that alluded to the lack of passenger service, to the hearings that were held last week throughout western Ontario, and to the fact that adequate bus service has not replaced the rail passenger service that was discontinued in 1970. That motion, which I seconded, reads:

• (1720)

That the government immediately issue instructions to the Canadian National Railways and Canadian Pacific Railway to re-establish the passenger rail services which were discontinued in November, 1970, in western Ontario.

Federal authorities in conjunction with the province of Ontario and the municipalities involved immediately undertake studies which would involve public hearings with a view to determining a minimum railway passenger train network as defined in relationship to the most economic, efficient and adequate transportation system required.

That motion was turned down by the government, Mr. Speaker, and I might suggest in all kindness to the hon. member who just finished speaking that it looks as if he has his work cut out for him in caucus tomorrow. I hope he takes advantage of the opportunity to work on his colleagues, because I know where his heart is and what his feelings are.

At the hearings in Owen Sound in March, 1970, about 95 per cent of the people making submissions said that they believed the railway passenger service should continue and that it should be upgraded. In spite of this, the Canadian Transport Commission seemed to pay more attention to the submissions of the bus companies and the railway companies because they made this ruling:

This committee finds that the highway system serving the points in this region of Ontario served by the passenger-train services is excellent and is probably as extensive as could be found in any comparable area of Canada. The committee further finds that the existing bus services in the area constitute a satisfactory alternative public transportation service and the committee accepts the evidence adduced at the hearings that these bus services will be adequate in capacity and will be increased in frequency as required by traffic demands resulting from discontinuance of passenger-train services.

The committee agrees with the submissions of both railways that discontinuance would have a minimal effect on other passenger-train services. The committee has considered the effect on other passenger carriers and, as explained above, has concluded that the bus services can adequately serve the additional traffic.

If some of the members of the railway transport committee had been with us last week when we attended hearings in western Ontario, they would have found out that their conclusions were incorrect. A brief presented by the Wingham Business and Professional Women's Club stated that it takes 4½ hours to go to Toronto by bus and takes 6½ hours to return, but by car it only takes 2 to 2½ hours travelling within the speed limit. At weekends the bus takes a different route and less time. The brief pointed out that the main problems with the bus service are that it is slow, it is uncomfortable, there are no washrooms on the buses and there is no place to get even a cup of coffee. It is no wonder that the hon. member for Bruce (Mr. Whicher) said it would be just as quick to use a horse—if you had a fast horse, it would be a lot faster. This sort of thing was brought to light in almost all the briefs that were concerned with the passenger service in that area since the railways abandoned their service; indeed, some were concerned with the type of service that had existed even when the railways were operating.

Another reason for the necessity of adequate transportation in that area was presented by the reeve of Bayfield,

who is the chairman of the planning committee of Huron county:

> The rail passenger service depreciated until finally in 1970 the service to Huron county was stopped. No matter what the economics of the service dictated it is apparent to the people of this area that while parts of this country have had its services increased ours has suffered in the transition. The roads were adequate at one time, therefore as the rail passenger service deteriorated the people turned more and more to the use of the roads by automobiles. Thus, as the highway traffic multiplied and rail passenger service was withdrawn, the "time of travel" increased for the people in Huron county.

It is quite obvious to anyone who uses the roads to any extent that they are becoming more and more crowded, particularly on weekends, and that the time of travel has almost doubled. The brief continues:

> To this area "time of travel", whether by road or rail, has become very important. We must compete with other areas of the country for industries and tourists to enhance our economic base. The cost of transportation has increased, but also the requirements for transportation has increased in all areas and especially in Huron county. Our location requires a speedy means of entry and exit for our industries, our citizens and our visitors.

The brief goes on to say there is evidence that transportation facilities, particularly for people wishing to use train services such as students and senior citizens, are not adequate. At the hearings in Walkerton, the room was packed with senior citizens who depend on rail service to provide transportation to the larger centres.

It was apparent from many of the briefs that people feel the railways have deliberately tried to discourage them from travelling by train. To travel from Sarnia to Toronto, it is necessary to go to London and this service is still operating. People from Huron county must go to London or Stratford to get the train, and both are about 45 or 50 miles away. It was brought out that people often have to stand in baggage cars from London to Toronto. When a representative of the CNR appeared before the committee, he denied some of these allegations but the people who travel these routes seemed to know what it was like. Apparently, although it would be a simple matter to leave extra cars in London to be used when there is a big crowd going from London to Toronto, this is not done and only a few cars are brought in from Sarnia. If there is not enough room for all the passengers, those who do not get on the train must get to Toronto as best they can. It would seem to be a simple matter to leave extra cars in London and have personnel there to serve them. It appears that when one of the official cars transporting some of the top brass of the railroads arrives in London, there is lots of help to move the cars around but for the ordinary paying passenger there is not much assistance.

Some of the advertising done by the railroads is not very helpful, and possibly even harmful. They seem to do their advertising in spurts of about two weeks and then forget about it for the rest of the year. They should continue to upgrade their service and let the people know what kind of service is available.

• (1730)

If there are enough people using the rail service, the application is not for discontinuance. The railroads must apply for discontinuance of passenger service in order to be granted a subsidy under the act. That act was passed in 1966, shortly after I came to this House. I remember well when the Hon. J. W. Pickersgill set himself up as chairman of the Canadian Transport Commission. The act states that the railroad must apply to discontinue the service. The commission can then rule that the service shall continue, and the railroad is granted a subsidy of up to 80 per cent of its losses.

[Mr. McKinley.]

I believe this is what the railways were looking for when they discontinued the service out of Huron county. They put their case so well before the Canadian Transport Commission that the commission allowed them to drop the service: everyone was fooled. I do not think there would be any danger of the service being dropped if the railways provided the type of service that people want. There would be more passengers. Instead, the railways are trying to get rid of passengers.

I have a lot of material here, Mr. Speaker, but my time is limited. I would also like to point out that there are no baggagemen to assist older people and women with children. City maps should be provided to passengers to assist them when they arrive at their destination. There is no decent food service. We have already heard about the stale sandwiches and lack of coffee. The railways have done away with dining cars. It used to be a pleasure to travel by train, but many of the things that made it a pleasure are no longer available.

I wish to refer to a brief submitted to the Standing Committee on Transport and Communications by the province of Ontario. Some of their recommendations which I heartily endorse are as follows:

> (1) Passenger rail services which were discontinued on November 1, 1970, should be re-established immediately. Decisions involving equipment to be used and the scheduling of such re-established services should be made in consultation with the residents of the communities involved. It became clear during the discontinuance hearings that inadequate equipment and inconvenient schedules played a part in the losses reported by the railways.
>
> (2) Federal authorities in conjunction with the province of Ontario should immediately undertake studies which would involve public hearings with a view to determining a minimum railway passenger train network as defined in relationship to the most economic, efficient and adequate transportation system making the best use of all available modes of transportation at the lowest total cost.
>
> (3) A moratorium should be placed—

Mr. Speaker: Order, please. The hon. member's time has expired. Under the order of the House there is no provision for an extension of time allocated to hon. members.

[*Translation*]

Mr. C.-A. Gauthier (Roberval): Mr. Speaker, I am most happy to speak on the motion moved by the Progressive Conservative party and which reads as follows:

> This House regrets that the government has failed to develop the National Transportation Policy, pursuant to section 3 of the National Transportation Act, and has failed to take measures to revitalize and rebuild Canadian transportation for present and future needs.

If I take the floor on this matter it is simply because I have noticed the deplorable state of the transport services in our region, especially those intended for passengers. I think that for a long time, and more so in recent years, the CN authorities have done their utmost to modernize freight services in our region. Surely it was quite profit-

able to set up the freight service since our region is a regular gold mine for the province of Quebec.

Every day, trains of up to 100, 125, 140 freight cars carrying all kinds of freight: copper, iron and aluminum ore, lumber, newsprint, are seen rolling out of the Saguenay-Lake St. John region.

This means, Mr. Speaker, that our area is certainly not contributing to the deficit of the Canadian National Railways and I do not intend to place too much blame on those in charge of freight movements because they have set up servo-centres and developed an efficient system. What I do have against them is their having systematically snuffed out all interest on the part of the public in passenger transportation.

When you consider the progress which the area has achieved in all fields of endeavour, development of industry and the increase in population, you realize that as the population is increasing the railways are reducing their services. We have reason to wonder about so many things. After all, when the Canadian National ends up with a deficit, as it often occurs, the taxpayers are the ones who have to make it up, but without getting any service in return.

• (1740)

Mr. Speaker, I should like to say a few words particularly on the passenger service. I was just about to send a letter to the Minister of Transport (Mr. Jamieson) but, since I have the opportunity of denouncing the action of the Canadian National Railways, I am going to do my duty as a member of Parliament and set forth a situation which is no longer tolerable in the Saguenay-Lac-Saint-Jean area with regard to the passenger and sleeping-cars services. I want to talk about serious discriminatory steps taken in our area by the new CNR experts against the users of sleeping-car facilities. The responsible people in the CNR are very much aware that our area ranks first when it comes to freight transportation.

The reward offered us for this participation is the cancellation or the slow death of our passenger service.

We are told that the number of passengers is decreasing and I am convinced of it, Mr. Speaker. However, I add that if large centres were given the same kind of service, not only would the number of passengers decrease but there would be none left between Montreal and Ottawa or Montreal and Toronto.

The management is forgetting that the CN is above all a transportation service and not a service created to open new hotels throughout Canada. It is precisely this poor service given by the Canadian National that everybody is complaining about.

Passenger cars date back to the years 1925 or 1930. We shall soon be celebrating their 50th anniversary. Besides being decrepit, they are badly maintained and sometimes have a musty smell. Some of them, Mr. Speaker—I must tell the House about this—were full of cockroaches. Lastly, all the museum specimens were sent to the Saguenay-Lac-Saint-Jean area. It happened only once in ten years that we got a fine 80-seat car, but authorities, realizing their error, hastened to send it out west.

How many fights we had to put in order to keep our sleeping-cars or what is left of them! That on the Dolbeau service has simply been suppressed and that on the Chicoutimi service has been reduced to its simplest expression. And to further discourage passengers, a rate increase has just been imposed which took everyone by surprise. It took effect on June 1, which was last Thursday.

Mr. Speaker, I want to express objection to this increase in the sleeping-car rate. I wonder who approved this increase. Imagine that for a lower bunk, a person must pay $14, and two persons must pay $21 for the Montreal-to-Chambord trip, a distance of 250 miles.

When they say that meals are included, they are shamelessly lying, because when you leave Montreal at 8 or 9 o'clock, you already have had your dinner, and when you reach Chambord at 6 in the morning, you have your breakfast in the station restaurant. For that matter, there is no dining car on the train to Chambord, Chicoutimi, Dolbeau, just a small lounge and counter.

Coming back to Montreal, as the train reaches Central Station at seven o'clock in the morning, you must have your breakfast there, for it is too early for the lounge and counter to be open.

These so-called meals which are paid for but never served are an outright robbery. In addition, a single person must pay $26 for a roomette; a couple travelling together will pay $35; and if there is a child with them, the rate is up to $41. And all this, to travel over a distance of 267 miles in a small musty roomette.

Let us hope that the C.N.R. management is made up of honest people who are comparing prices in western Canada or for a trip to Toronto over the same distance. It is a scandal.

One must also add the price of meals when travelling West; passengers have a right to curse the CNR and all its little bright boys. Can anyone truly believe that our people are not as good as those of other provinces and do not deserve equal treatment? We are not asking for better treatment, but for equal treatment.

If an hon. member wants to go on a primitive trip, he should go to Lac Saint-Jean in the winter on a CNR train. He is sure to feel he has gone back 50 years; in fact, on boarding what is called a coach, a new 50-year-old coach, he will freeze to death or be too warm, and if he asks somebody to do something about it the answer will be: You must wait till we reach Montreal. Is it not incredible!

I have seen women with their winter coats on wrapped up in blankets. They were freezing because the heating system of the train was not working.

Mr. Guay (St. Boniface): Are you sure that is the reason?

Mr. Gauthier: And at other times—I will ask the member for St. Boniface (Mr. Guay) to make a short trip in my area during the winter; he will see how interesting it is.

Mr. Guay (St. Boniface): I would be willing to go.

Mr. Gauthier: He will realize how interesting it is, especially when he has a look at the cars; he is used to travel

west aboard some nice ones, because the railway company keeps all its best coaches for trips in western Canada.

Mr. Guay (St. Boniface): They are comfortable.

Mr. Gauthier: Yes, it is true. Indeed, I am quite happy for westerners, but I would hope to find similar conditions in our area. The same thing happens throughout Quebec. It seems as if the CNR is keeping for that province its dirtiest and oldest equipment to disgust its passengers and keep them away.

It is sometimes suggested that the tracks are responsible. Now, this cannot be true, because an engine which can draw freight trains of 150 cars at 40 or 45 miles an hour could easily draw a small passenger train with only 4 or even 5, 6 and 8 cars.

But such is not the case. We leave Montreal at 8 p.m. and after having travelled 250 miles, we reach Chambord between 6.30, 7 or 8 a.m. sometimes at nine o'clock. Why? We must wait and let a freight train pass while the passengers are waiting. That is the new system of the CN's technicians.

• (1750)

I have seen a train on a side-line having to wait almost three hours for a freight. That is very interesting. So interesting in fact that many passengers getting off the train were heard saying: They have had me once but I will never let it happen again. Mr. Speaker, that is not a way of attracting customers and organizing a profit-earning transport service. One feels that the managers would rather stay in their offices in Montreal and carry freight only.

What about maintenance? Formerly, there was one office employee for five railwaymen. Today it is the opposite: for one railwayman there are five office employees doing nothing, lying on their wall-to-wall office carpet. And nobody looks after the railroad. The rate of derailments was the highest ever this winter. Why? Because of the lack of maintenance. The maintenance staff was reduced by two-thirds in our area and the rest of them cannot cope with the work.

On the other hand, the ranks of bureaucrats are swelling.

I have seen three foremen spend two hours watching a workman at his work. Examples as ridiculous as that do exist.

I believe it is about time for the government and the Minister of Transport to assume their responsibilities and require more fair-mindedness from the CN management. Moreover, the next time they ask us to make up their deficit, let us think about it twice before doing something. If we cannot get reasonable service from that Crown corporation which cannot manage to get out of the red and keeps asking the people who receive no service to foot the bill, let us sell it to private enterprise. I believe it will be the best way of giving satisfaction to people in our area as well as the rest of the province of Quebec, because the same critics are being heard on the southern shore of the St. Lawrence. One can be forbearing for some time but there is a limit to everything.

[Mr. Gauthier.]

I am surprised to find that other hon. members keep silent, put up with anything and seem to deem it satisfactory. The situation is worse than ever. If this keeps up within two years nobody will want to board CN trains for they will simply be disgusted. I hope that these remarks will reach the ears of the CN officials.

I would have much more to say, but since my time is limited to ten minutes, I shall conclude my remarks.

The Acting Speaker (Mr. Boulanger): Order. I wish to remind the hon. member that his time is not limited to ten minutes, but to twenty minutes. Therefore, he still has a few minutes to conclude his remarks.

Mr. Gauthier: Thank you, Mr. Speaker. A while ago I was told that I was not allowed 20 minutes.

The Acting Speaker (Mr. Boulanger): Order, please. In order to clarify the situation, I might say that since the hon. member is speaking on behalf of his party, the rules allow him twenty minutes.

Mr. Gauthier: Thank you, Mr. Speaker, for bringing this to my attention. Once again, I simply wish to say that if we could blame the government for not voting the necessary credits for track maintenance, we might be inclined to believe that it is too poor to finance the Canadian National Railways. However, such is not the situation now.

During the last year, we have replaced almost all the tracks and so we now have a perfect line. There are still weaknesses in some sectors and I feel that the worst is too big a volume of freight for the present line. Of course, we do not have an intercontinental line, with rails designed to carry the weight of 125 cars loaded with iron ore, copper or wood. A single train of 150 cars is out of question. This explains the many derailments of freight trains this winter, and the situation will remain the same as long as the maintenance personnel is not increased.

Mr. Blouin: Mr. Speaker, may I call it six o'clock?

Some hon. Members: Agreed.

The Acting Speaker (Mr. Boulanger): With the unanimous consent of the House, we can call it six o'clock.

Some Hon. Members: Agreed.

The Acting Speaker (Mr. Boulanger): Since it is six o'clock, I now leave the chair until eight o'clock.

At 5.58 p.m. the House took recess.

AFTER RECESS

The House resumed at 8 p.m.

Mr. Gustave Blouin (Parliamentary Secretary to Minister of Public Works): Mr. Speaker, it is my pleasure to say a few words tonight on the opposition motion submitted by the hon. member for Moncton (Mr. Thomas).

I have listened carefully to the hon. members who spoke this afternoon and perhaps they have a right to criticize some aspects of our current transportation system. Obviously mistakes are committed and things are not always perfect.

However, it seems that what has been done over the last five years in the area of sea, land or air transportation is not appreciated.

Obviously, some problems are still to be solved and some will always exist in such a big country as ours with a relatively small population. But to say, as the opposition did, that this government has developed no long-term transportation policy is, in my opinion, complete nonsense.

On May 25 last, the able Minister of Transport (Mr. Jamieson) informed the Committee on Transport and Communications of his department's objectives as to the reorganization of our national ports through a new policy and as to assistance to small airports in isolated regions.

On December 10, 1971 the minister announced that the funds available to small airports would be trebled through a new assistance program.

Pilotage has been reorganized into four separate authorities thus giving greater autonomy to Canada's regions.

The Arctic Transport Agency which cooperates with the Department of Indian Affairs and Northern Development, the construction of a second international airport for the Toronto area, the construction of the new Sainte-Scholastique airport which is due to open in 1975; these are some of the achievements of the present government.

Mr. Speaker, I have only mentioned a few objectives from amongst many. It is known that the Department of Transport's budget for the current fiscal year amounts to $467 million, including $82 millions in loans. It is an impressive budget with impressive aims.

Mr. Speaker, I would like to revert to the point I made a few moments ago, that is the assistance to smaller airports, for example. In my riding, which is quite large, there are some isolated and far-away communities which cannot be reached either by road or by rail. Air transport is the only available means in winter and sea transport in summer.

In co-operation with the Minister of Transport we have studied a project for the construction of major regional airports. In co-operation with senior officials of the Department, this project has been examined, and tenders having been invited, the work has begun on some of these regional airports which, I am sure, will provide at least during the winter months, adequate service to the people I am privileged to represent.

I would like also to point out, Mr. Speaker, that much has been achieved in the maritime field. Obviously, this is not fully appreciated, but in this field, harbour facilities have been improved; they have been updated through adequate loading and unloading facilities, particularly with regard to containers.

• (2010)

This afternoon, I heard the hon. member for Crowfoot (Mr. Horner) say that the Department of Transport would have to expand considerably harbour facilities at Churchill. Of course, I have nothing against Churchill, but as I understand the remarks of the hon. member for Crowfoot, the federal government would have to expand the Churchill harbour facilities, at a cost of several million dollars.

We know—and the hon. member for Crowfoot should know it as well—that the port of Churchill can be used for only three months a year or so. Therefore, I do not see how the federal government could make that port better suited to navigation than it is at present, even by expanding existing facilities.

The hon. member for Crowfoot also mentioned the importance of seaports. I listened to him with great attention as he said that Vancouver harbour was the largest seaport in Canada. I would like to tell him that we also have some very important seaports in Eastern Canada. I would like to mention here the port of Sept-Îles in my constituency, which in 1970 was the most active in Canada as far as the tonnage of goods handled was concerned.

The hon. member for Moncton (Mr. Thomas) is cheering with good reason. Indeed, we had the opportunity to go on a trip to Sept-Îles together with the committee on transport and communications a few years ago, and the member thus had a chance to visit that important seaport. Following that trip, recommendations were made by the committee on transport and communications, and I am happy to say to this House that most of the recommendations of the committee, which was composed of members from all political parties, have been, if not implemented, at least accepted for implementation a few years from now.

In 1970, the port of Sept-Îles shipped 28,600,000 tons of iron ore, making it the busiest and most important port in Canada.

Obviously, much remains to be done, but I know the Minister of Transport will read the recommendations which have been made to him, especially those of the committee on transport and communications. He can study them and see to it that they lead to the construction of ports as important as those of the Pacific coast and eastern Canada, ports that are equipped with far more modern facilities.

Transport by railroad was also discussed. In the huge riding I have the honour of representing, neither the Canadian National, the Canadian Pacific nor any other railroad belonging directly or indirectly to the state, serves the people.

Still, we do have a railroad system which is unique in its way in that it is almost circular and runs over a distance of more than 600 miles from the St. Lawrence inland. I am thinking of a private railroad, which is kept by the mining companies that use it to transport iron ore. I say this because that railroad is isolated and it is not subsidized in any way by the government. However, there is heavy traffic and I know that the government gives assistance to those companies in connection with public security and

cost control. But an enormous amount of iron ore still continues to flow every day from that vast area.

• (2020)

The iron ore of the area is delivered at Sept-Îles at the rate of about 164 cars every two hours, 24 hours a day, seven days a week, which represents as I said a short while ago approximately 28,600,000 tons a year and makes my small region the biggest exporter of iron ore in the world.

One is surprised at times when I quote those figures. I did it in committee and I was asked whether I had verified my figures, since 28,600,000 tons did not make us the biggest exporter of iron ore in the world.

However, if you add the 12 million tons of iron ore that are delivered each year 40 miles west, you get a total of about 40 million tons, and this is how you get figures that make us the world's largest exporters of iron ore.

Mr. Speaker, I say this so that my colleagues may understand that these gigantic developments, in so far as iron ore and mines in particular are concerned, are huge investments made at an unbelievable rate.

Of course, we are still in need of other suitable transportation means, in particular in the eastern part of the St. Lawrence north shore. But I trust, thanks to the cooperation I have received for a few years from the Minister of Transport as well as a few senior officers of his department, that we shall succeed in achieving our objectives and provide to the people a fairly suitable service.

In the lower north shore, the Department of Transport has to subsidize maritime transportation, so that the people get a better service. About $1 million are required each year in subsidies, which can be renewed every five years or so.

This enabled a shipping company, during the summertime, to serve all those small communities along the shore, from Sept-Îles to Blanc-Sablon, that is over a distance of 500 miles.

The Acting Speaker (Mr. Boulanger): Order, please. I regret to interrupt the hon. member, but his time has expired.

[*English*]

Mr. Jack Murta (Lisgar): Mr. Speaker, in the few minutes at my disposal I would like to comment on the freight rate situation. In some cases I believe the freight rate policy has worked to the detriment of western Canada. Western railway freight rates have been a topic of controversy ever since the Crowsnest Pass agreement of 1897. The railways were entirely responsible for the settlement and development of the Prairies and of the interior of British Columbia in the last part of the last century and the first part of this century. Yet once their initial role as a land colonizer was finished, the railways continued to dominate the west. It is my submission that this domination by the railways today is all-pervading in western Canada.

Many people say that we are overstating the role of the railways in western Canada. I do not agree. If anything, the effects of the railways on every facet of western life have been downplayed. I consider the railways and their policies to be responsible to a large extent for the lack of western development, and because of this the conduct of the railways will always be a number one political issue in western Canadian politics.

I might add that this issue was one of the main causes for what I consider to be growing alienation among westerners. I would caution the powers-that-be not to ignore this growing feeling of western alienation which is sometimes expressed in bitterness. It is a condition which arises out of neglect, out of eastern domination and out of a feeling, which is justified, that we are not developing to our fullest potential because of lack of consideration for all parts of the country.

One of the main factors involved in manufacturing in secondary industry is the cost of delivering the product to the market. Because of the present freight rate structure a competitive disadvantage is put on western secondary industry. This manipulation of freight rates is in effect a subsidization of eastern industry in that its products can be shipped to western Canadian markets at rates which often undercut our local manufacturers and in some cases go as far as to drive them out of business. A good example of this is the processing of rapeseed into meal and oil.

• (2030)

As we all know, rapeseed is a newly developed crop in Canada. Processors of rapeseed on the Prairies have discovered that they have lost their competitiveness in this business because the freight rates allow bulk rapeseed to be shipped to eastern Canada, processed there, shipped back to western Canada and still undercut the local manufacturer's price. At the present time, western processors are testing the validity of these freight rates in court action in the city of Saskatoon, Saskatchewan. I consider this to be pure discrimination in favour of eastern interests. It is just one of hundreds of examples. What I find most disconcerting is that basically the same principles for western freight rates apply today as were agreed to in the Crowsnest pass agreement of 1897. In the intervening period of 75 years, conditions have greatly changed in the west but we are still subjected to the same basic rules.

The purpose of the 1897 agreement was to provide a method to ship grain out of the west at reasonable rates and to supply the colonists who were opening up the country with the consumer goods they needed. This was all part of our national policy. This agreement has always been a good precedent for government control of freight rates for grain and its provisions have kept down the cost of shipping grain so that these products could be most competitive.

It must be noted that the railways are still making profits, at the present rates, for shipping grain despite the fact that they have made repeated attempts to have the grain freight rates raised. It cannot be said that grain freight rates are being subsidized as are the rates for eastern manufactured goods. The railways are not required to warehouse grain as they are with respect to manufactured goods. They do not load or unload the cars. And grain constitutes the largest volume of any commodity hauled: it moves in bulk, by full carload of maximum weight, over long distances and by large trains. Although the railways did face increases in certain costs of their

operations, many of these costs were offset by better technology and mechanization.

Improved methods of transporting grain have resulted in substantial savings. The tonnage per mile is now much greater. Fewer trains, smaller crews and lower operating costs will now move the same volume as was transported 20 years ago. This is not to say that grain transportation is operating at all times on a satisfactory basis. Rail tie-ups and lack of organization often result in lost sales and tie-ups at our export terminals, resulting in demurrage charges that are paid by the farmers and not by the railways. I think that we in western Canada should look forward to the appointment of an independent railway controller to co-ordinate the various facets of grain movement and of agricultural produce generally from western Canada.

It must also be noted that railways have increased their profits by increasing the rates on grain for domestic use, which is not subject to the rates set out in the Crowsnest Pass agreement. An example is the rate structure for grain moving from Carman, Manitoba, the town from which I come, to Vancouver, British Columbia. In 1960 the rate per hundredweight of grain for export was 34 cents. Today it is the same price. However, the rate on grain for domestic use has gone up from 91 cents per hundredweight to $1.28.

It should also be noted, Mr. Speaker, that on many occasions in the 1950s and 1960s considerable pressure was put on the government and the then board of railway commissioners to have an upward revision of the freight rates for export grains. However, the railways could not prove that they were not already making large profits under the existing rate structure. Further, freight rates for grain are within the sole jurisdiction of the Parliament of Canada. Because of their success and the profits on export grain transportation, it is my contention that these rates should remain the same.

I wish I could say the same for other freight rates. As I have already said, conditions have greatly changed since 1897. The west, although greatly reliant on agriculture as a prime industry, is in a state of transition. Our cities have grown; we are close to vast and rich natural resources; we have a skilled labour force. We are struggling to take advantage of these assets. Diversification is the only answer to relieve the west from the ups and downs in world grain markets and poor years in agriculture. Yet we are being held back by external factors. One of these, in my opinion, is the discriminatory freight rates in favour of eastern interests. This is a subtle protectionism and is contrary to the spirit of the free trade provisions of the BNA Act.

In the west the railways have us over a barrel, Mr. Speaker. There is no effective water competition to serve the prairie provinces. Truck competition tends to be more competitive over short hauls for manufactured goods produced primarily in Ontario and Quebec than on the longer hauls of raw materials in western Canada. I might say that we could have effective water competition if the government would develop the port of Churchill to its full potential. We in the west are victims of what the railways call captive status. There are thousands of examples both of spectacular disparities and modest disadvantages affecting the general structure of freight rates. What recourse do we in the west have in these cases of discrimination? There is very little recourse, and what there is, is under the auspices of the National Transportation Act of 1967.

That act supposedly provides a criterion for appeal and an investigation method for any accusations of discrimination. But in order to seek compensation or revision of the freight rates one must show that there is a deliberate act or omission by a carrier in the establishment of rates that will endanger the public interest. Further, for relief under the act a shipper must show he is captive to railway shipping only for goods shipped in quantities of less than one carload, or 5,000 pounds. A shipper must apply to the commission to fix rates at a more equitable limit based on a complicated formula.

However, this whole process results in hearings which are expensive and lengthy, and they cannot be termed an adequate method of determining freight rates. The inadequacy of the 1967 act has been responsible for the comparatively modest number of rate hearing applications to the CTC in the last five years. I can give several examples of how these discriminatory freight rates have affected Manitoba industry. The freight rates for iron and steel products, canned foods, livestock and a variety of other products which are shipped to northern Manitoba are good examples of the wide differences in freight rates.

The distance from Sault Ste Marie to Ottawa by rail is only six miles less than the distance from Selkirk to Gillam. The rates on the eastern run are one-third less than the rates on the run from Selkirk to Gillam. Rates on iron and steel products from Selkirk to Vancouver are identical to those from Montreal to Vancouver, although the latter run is twice as far. I could list dozens of more spectacular examples. The general trend, however, is more subtle but is to my mind just as devious. On the whole, rates to and from Manitoba and within Manitoba are approximately 15 per cent above rates in other parts of Canada. I have and always will consider this situation deplorable. The rail transportation system in western Canada should make an attempt by basing its freight rates on all other rational factors besides captive status, which is the state in which all the western region outside Vancouver finds itself.

• (2040)

Considering the tremendous effect that the railways have on our lives in western Canada, Mr. Speaker, I have come to the conclusion that we must investigate new transportation policies. Perhaps an independent body composed of all interested parties to look into discriminatory freight rates and tariffs would be a realistic approach. I think this must come if we are to have equity in all parts of the country.

In conclusion, I believe that the freight rate structure is maintained primarily to benefit central Canadian industry and transportation companies. Tariffs and railway rates are not conducive to diversification of industry and western development. I should like to ask how long the federal government and eastern commercial interests expect western Canada to suffer silently this gross inequity.

National Transportation Policy

Mr. Norman A. Cafik (Ontario): Mr. Speaker, some members in this House may realize that I have recently inherited an airport in my riding to be called the Pickering international airport, I presume. As this is directly related to transportation policy, I should like to say a few words which I hope the minister will take into consideration.

First of all, the airport proposal obviously has opponents and supporters and I am sure each one feels that he has pretty good reasons.

Those who oppose it do so because they feel that the need has not been established. Many feel that other transportation facilities could relieve the congestion that exists at Malton airport, that transportation problems can be solved through rapid transit systems and STOL aircraft to handle short flights of less than 500 miles. They presently comprise approximately 50 per cent of the air traffic at Malton.

Many people feel that if this kind of thing were done and STOL aircraft were developed quickly, the need for the new airport would not exist. Other people oppose it on the basis of its close proximity to metropolitan Toronto and the fact that the proposed location would have an enormous impact upon the further urbanization of the Toronto region. We could end up with a *de facto* extension of Toronto to the Oshawa area.

All these people have a right to question the decisions being made by advisers to the Department of Transport and the bureaucrats. I am not saying that the department is wrong; I do not know. I do not have access to enough information to enable me to make a definitive statement in this regard. However, these people have a right to their reservations and a right to be heard. If this government is to live up to the expectations of participation that it has created, then I think we must take appropriate steps to see that these voices are heard.

When the new Expropriation Act was passed by this Parliament it was felt that a great step forward had been taken which would allow people about to be expropriated under federal jurisdiction to have a voice in the deliberations. Under the Expropriation Act, hearing officers are appointed. They are intended, in effect, to be the eyes and ears of the minister and to hear the complaints of those who would oppose a particular project. It is rather strange, however, that the hearing officer himself has no right to make any recommendation; all he can do is hear the complaints and report back to the minister. To many it would seem to be reasonable to expect that the Expropriation Act would give the hearing officer the right to make recommendations.

I suggest that the appropriate minister or indeed the Minister of Transport (Mr. Jamieson) in this particular case, ought to make it clear that he would have no objection to a hearing officer recommending what should take place. If he is not willing to do that, then I think this House should give consideration to amending section 8(4)(d) of the Expropriation Act. This section reads:

—within 30 days after his appointment, prepare and submit to the minister a report in writing on the nature and grounds of the objections made.

I think it would be reasonable—

Mr. Benjamin: I rise on a point of order, Mr. Speaker.

[Mr. Murta.]

The Acting Speaker (Mr. Boulanger): Order, please. The hon. member is rising on a point of order.

Mr. Benjamin: In light of the motion put forward by the official opposition on the National Transportation Act, would you please ask the hon. member why he is talking about the Expropriation Act?

Mr. Cafik: I would be delighted to answer that question. It is because the Expropriation Act in this case happens to be the vehicle that the Minister of Transport is using and I presume will use in future in order to acquire property for transportation purposes. It seems to me to be relevant.

Mr. Benjamin: A point of order, Mr. Speaker, we are not discussing amendments to the Expropriation Act and the hon. member is completely out of order. If he wants to carry the ball for some land speculators, he can do it some other time.

The Acting Speaker (Mr. Boulanger): Order, please. The hon. member for Ontario (Mr. Cafik).

Mr. Cafik: Thank you, Mr. Speaker. I think it would be reasonable to amend the act to add to that particular section—

Mr. Benjamin: Mr. Speaker, on a point of order, will you rule whether it is in order for the hon. member to talk about amendments to the Expropriation Act when we are debating the National Transportation Act?

Mr. Basford: You are out of order.

The Acting Speaker (Mr. Boulanger): Order, please. The hon. member for Ontario.

Mr. Cafik: Thank you, Mr. Speaker. I hope that these interruptions will be deducted from the time allotted to me. I believe that kind of amendment would give an opportunity for more meaningful participation by people affected in the expropriation of properties for transportation purposes. I further believe that the same objective would be accomplished if we were to permit the hearing officer to allow cross-examination of witnesses in respect of the need, whether it be for airport sites or otherwise. People should have the right to cross-examine government witnesses and experts on whether a particular expropriation is required. This is not provided under the act at present and I think that the minister ought to make it perfectly clear that it is the intention to allow such cross-examination.

There are other things of genuine concern to people whose property is being expropriated for this or any other purpose, and I think they have a right to be heard and a right to participate. At the moment there is nothing in the act which indicates how many hearing officers would be appointed to deal with this type of problem. In a case of this magnitude I suspect that more than one would be required. I believe that the minister ought to appoint a senior hearing officer, who would be a judge, to deal with the over-all question. In addition, I think this is how our expropriation—

The Acting Speaker (Mr. Boulanger): Order, please. I did not want to disturb the hon. member who has the

floor, but two points of order have been raised by another hon. member. This is a motion concerning transportation, and airport facilities and air service are transportation matters; but perhaps the hon. member is dwelling too much on the specific question that concerns his riding. In order to help the Chair and the House, the hon. member should debate the motion before the House.

Mr. Cafik: Thank you, Mr. Speaker. I shall certainly do that and I hope the House understands why I was trying to deal with these important matters. I am sorry that it is not possible to do it, because they are of great concern to the people whose properties may be taken for the building of a second international airport. Certainly in my view, this comes under the heading of transportation policy. However, in view of the objection of the NDP, I will confine my remarks to other areas. They are also related specifically to the airport problem as well as to the general complex problem of transportation in Canada.

• (2050)

If we had a proper transportation policy which was clearly enunciated, some of the views and concerns of people in my area would be somewhat alleviated. People have the impression that this government, particularly in relation to the project I have spoken about, has a minister of aviation and not a Minister of Transport. It is important that the government make it perfectly clear that they are concerned about all avenues of transportation and have taken into consideration rapid transit systems right across Canada in order to minimize the volume of air traffic at the present time or that which is projected for the future.

The projection for the Toronto region is that by the year 2000 there will be approximately 60 million air passengers per year. To many people this appears to be an absurd projection. If there were proper means of transporting people in the short haul, this figure could possibly be reduced and perhaps some of the air transportation facilities which are presently being projected would not in fact be needed.

It seems to be relevant to this question that the government make perfectly clear their over-all plans in terms of building a rapid transit corridor across Ontario and into Quebec, at least from Montreal to Toronto, which would alleviate much of the need for air transportation. As a matter of fact, in the long run I think it is essential to have a transportation corridor from Quebec City through to Windsor. This would have a very beneficial effect in another area, by allowing the spread of urbanization over a much larger area of land across Ontario and Quebec rather than concentrating it in areas like Montreal and Toronto. There are many who feel that the prospect of a Toronto with eight million people is not socially acceptable. I feel we ought to express our reservations in this regard.

I would like to talk for a moment about a couple of other points. The first is urban transportation in the Toronto region. Some time ago, on June 3, 1970, I suggested in writing to the Minister of Transport that we required certain amendments to the railway acts of this country in order to give more emphasis to commuter transportation. In that letter I suggested that four amendments would be advisable in terms of transportation policy for urban areas of Canada. The first was to spell out in legislation that the CNR and the CPR make railbeds available for the purpose of commuter transportation in a better way than they had in the past. My second suggestion was as follows:

> To force the railways to give preferential time schedules for such purposes, even though it may require adjustments to freight schedules.

This is important because at the moment urban transportation running on rail lines is often confined to hours which are not socially acceptable to the working population of these areas. My third suggestion was:

> To force the railroad to charge reasonable mileage rates for commuters. Some believe that the present wheel mileage rates are excessive—

Others feel that there should be a preferential rate even if it requires some subsidization. Then fourth:

> To force railroads to allow other individuals or agencies to use these rail beds for urban transport purposes. It is suggested that private enterprise itself may be interested in bidding on urban transport routes in the metropolitan area, and the act would have to be changed to allow such individuals to use these railbeds.

An hon. Member: Where do you stand?

Mr. Cafik: I subscribe to those suggestions in view of the fact that I made them. A member of the New Democratic Party asked, as he often does, where I stand. I clearly stand for the suggestions I have made. There are a number of areas that we need to explore in terms of transportation policy so that the policy will have some worth-while effect on the ecology and the problems of urban sprawl. Such a policy will have a very important and meaningful part to play in the way in which this country is developed for the good of all Canadians.

Some hon. Members: Hear, hear!

Mr. Robert C. Coates (Cumberland-Colchester North): Mr. Speaker, I looked forward with a great deal of anticipation to this debate. I know that I speak for most people in Atlantic Canada when I say that I hoped the Minister of Transport (Mr. Jamieson) would make a far reaching and useful statement regarding a transportation policy for that part of Canada.

After listening to the minister I can only say that in the time I have been in this House I have never been more disappointed by what was said in so far as Atlantic transportation is concerned. I think it is fair to say that in nine months, the normal pregnancy period, the minister brought forth an abortion as far as Atlantic transportation policy is concerned. It is worse than useless. It is a grave and deep disappointment for every resident of Atlantic Canada. The Minister of Transport spent most of his time talking about an air policy. As far as transportation in the Atlantic provinces is concerned, everything is certainly up in the air now.

Immediate action must be taken to overcome the many additional problems that have been created for industries in the Atlantic provinces since the spring of 1969 when the four Atlantic provinces' premiers presented to the Minister of Transport their long-range proposals for a realistic Atlantic area transportation policy. On September 2, 1969, the federal government produced its alternative policy to

that submitted by the Atlantic premiers. The federal government established an advisory board which was composed of four provincial and two federal representatives. The board has been advisory in every sense of the word. Its latest report is another piece of advice, and nothing more. It does not contain anything really useful and helpful to the Atlantic area. It is a far cry from the agency proposed by the four premiers. It has been anaemic and non-effective in its efforts to assist the area in its fight to overcome its transportation disabilities. The premiers' report stated as follows:

The provinces will accept modification in the blanket subsidization of intraregional traffic subject to the strict qualification—

I underline the words "strict qualification".

—that a federal-provincial agency be empowered to administer transportation assistance from federal funds to selected industries within the Atlantic provinces.

That is found at page 11 of the Atlantic premiers' report, which is entitled "The basic elements of an Atlantic provinces transportation policy," submitted to the federal government in March, 1969. On page 12 of the report they suggest that members of this agency be residents of the Atlantic provinces and that the administrative offices be located in the Atlantic provinces.

The federal government did not carry out the desires of the premiers with regard to either the type of board or make-up of those appointed to the agency it did establish. The committee has no power and no money. However, the federal government did latch on to the proposal and suggested that the intraregional subsidy be reduced. They reduced it from 20 per cent to 17½ per cent. They had intended to reduce it a further 2½ per cent to 15 per cent on April 1 of this year, but because businessmen and others in the Atlantic area raised particular hell prior to April 1, the proposed 2½ per cent reduction was not put into effect.

• (2100)

The premiers' report also recommended, as is found at page 23 of the report—

That the federal government take the necessary steps, either by legislation or by agreement, to maintain the freeze on Atlantic provinces rail rates until such time as the regional transportation policy is effective.

The government implemented its diluted and unrecognizable version of the premiers' report in September of 1969 and immediately thereafter freight rates began to rise. Rates which were 50 cents on September 23, 1959, were 81 cents on February 14, 1972—a 62 per cent increase. Freight rates which were $1 on September 23, 1969, were $1.46 on February 14, 1972—a 46 per cent increase. Rates which were $2.50 on September 23, 1969, were $3.32 on February 14, 1972—an increase of 33 per cent.

In all, there have been seven freight rate increases since September 23, 1969, the date on which the railways were allowed to impose increases. I am not objecting to the railways increasing their rates if the money is required in order to carry on the service; I am objecting to the federal government allowing them to increase rates without making certain that the increases are necessary and, second, that they are within the means of the industries of

Atlantic Canada. In the latter case some form of subsidy should be provided so as to offset the effects of the increase. This has never been done.

Under present government policy, freight rates will continue to increase forever or until there is not a single viable business operation left in the area. The minister's statement today did not give much hope to industry as far as freight increases are concerned. We are told that yet another increase is coming. It is obvious that this situation cannot be ended on the basis of what the minister told us today.

We have faced many disabilities in Atlantic Canada since 1867 and some of them can be traced back to the beginning of this nation. The federal government by its policies has manufactured many of the problems that plague us to this very day. Certainly, the national industrialization policy dating back to 1867, coupled with federal tariff policy, has made it very difficult for industry to develop in both the east and the west. It is a disadvantage from which both versions suffer to this day.

Atlantic Canada and western Canada continue to subsidize the industrial complex of central Canada. Atlantic Canada was cursed by a second decision, this time in the military field, which made the journey from that region to the markets of central Canada both longer and more expensive than it might have been. We have never experienced a transportation policy which would allow our goods to compete in the marketplaces of central Canada on an equal footing, and the government has never been willing to alter the tariff system in order that our goods could flow from north to south, the logical path.

The time has arrived when a number of actions must be taken by the federal government if we are to enjoy the benefits of a true transportation policy. First, tariff barriers must be lowered in order that goods from our area may reach their natural market in the northeastern United States in a competitive position. Second, an effective course of appeal must be made available against the avalanche of freight rate increases which have faced the region since September 23, 1969. Third, an agency along the lines proposed by the Atlantic premiers should be established and funded so that the original objectives of the premiers' proposals can be achieved. Fourth, the activities of the Canadian car demurrage bureau must be blunted so that it cannot arbitrarily change the basis of charging demurrage without shippers at least having the opportunity to argue their case before the Canadian Transport Commission on appeal when they consider the charges exorbitant. Fifth, the agricultural industry of Atlantic Canada must be placed in a position where it is no worse off than any other area of the nation. In order to accomplish this, protein concentrates and mineral supplements originating in the central United States and Canada for use in livestock and poultry feeds should be included under the provisions of the federal feed freight assistance policy so that Atlantic producers may achieve a competitive position vis-à-vis those in central Canada.

Only when the federal government undertakes in earnest an over-all transportation policy of this type can we hope to develop a viable industrial and agricultural base. It is true the government has moved in the field of truck transportation and ferry transportation and has also pro-

vided immeasurable assistance in highway construction. By these means it has sought to make the trucking industry a strong competitor to the railways. Up to this date, however, the volume of freight handled by trucks and other modes of transportation has not been sufficient to force the CNR, the main rail facility in the Atlantic provinces, to maintain a competitive low-rate structure, particularly as applied to most bulky inward-bound production imports and bulky outward-bound manufactured or agricultural products.

Although the government has tried, it has not achieved the intent of the National Transportation Act and must therefore undertake new initiatives if this goal is to be reached. The initiatives announced today by the Minister of Transport (Mr. Jamieson) certainly fall a long way short of those which are required. He gave the shippers of Atlantic Canada to understand that he was completely tied up with air policy and not in the least concerned about freight rates in my part of Canada. It is a sad state of affairs that a minister who comes from Atlantic Canada and who should know, if anyone does, just how serious is the transportation situation in all sectors of the economy, should leave such an impression. We are, as of today, without a transportation policy in Atlantic Canada as a result of what the minister has said. That is the measure of the weakness of the statement the minister made.

Since the minister is so involved with air policy I should like to make a few comments on that aspect. They relate to a matter which irritates me no end. I have noted with concern that a Canadian has no difficulty at all in getting a flight out of Canada to almost any destination, at a very cheap rate. As I was flying recently, I took copies of the international Air Canada schedule and the national Air Canada schedule and compared some of the rates which are being charged for air travel. You can fly from Halifax to London for $106 less than you can fly from St. John's to Vancouver. A 45-day excursion between Vancouver and London costs $334, whereas one from Vancouver to Halifax costs $358. In other words, you can fly from Vancouver to London for $24 less than you can fly from Vancouver to Halifax.

• (2110)

The Acting Speaker (Mr. Laniel): Order. I regret having to interrupt the hon. member, but the time allotted to him has expired.

Mr. David Orlikow (Winnipeg North): Mr. Speaker, we are discussing this evening a motion presented by the official opposition criticizing the government for its failure to develop a national transportation policy. I am in support of the motion because the government has no transportation policy. As I listened to the hon. member for Ontario (Mr. Cafik), who spoke a short while ago and went into some detail about the ideas that he submitted to the Minister of Transport (Mr. Jamieson) some two years ago regarding the need to encourage urban commuter transportation, I wondered how he could support a government that had completely failed even to commence to develop a national transportation policy.

The government's policy has been one of default, one of drift. Let us just examine what is happening. The Minister of the Environment (Mr. Davis) is in Sweden making great speeches about the need to do something to stop pollution. We in Canada are encouraging competition between trucks and railroads, though there is no question that trucks are unable to move large amounts of freight without polluting the atmosphere. We encourage this pollution by subsidizing the building of superhighways while requiring the railways to build and maintain their own rights of way. We discourage use of the railways by raising the price of passenger tickets while encouraging people to travel by car on superhighways on which they have not paid anything to ride.

One of the best means of transportation is provided by the railroads, yet we are destroying it. The Ottawa to Montreal run is a distance of 120 miles which the railways covered in two hours. When I came to Parliament ten years ago there were between five and eight trains a day. We have now raised the rates so much, discontinued dining car service—in fact, we provide no meals service—and cut down on the number of trains a day to the point that people no longer use the trains on this route. Instead there is a bus service every hour. There are already many cars using this road and the province of Quebec has had to build a superhighway on its side of the border. The province of Ontario is now building its superhighway to link with the Quebec highway.

The Minister of Transport is not satisfied with having virtually wiped out railway passenger routes; he is now spending $200 million to encourage travel by STOL aircraft. What madness is this? One can go from the centre of Ottawa to the centre of Montreal by train in two hours. As I say, we are now going to spend $200 million so we can fly from somewhere in Ottawa to somewhere in Montreal in 48 minutes. That, Mr. Speaker, is the kind of transportation policy that the government has.

Sufficient hon. members from the Atlantic provinces and the Prairies have already spoken about the inequities of freight rates that I do not need to put on the record what the situation is. The hon. member for Lisgar (Mr. Murta) gave some illustrations of the difference in cost of moving freight and how it is cheaper to move freight from Montreal to Vancouver than it is from Winnipeg to Vancouver. This is because there is an alternative route: one can ship freight by boat from Montreal to Vancouver via the Panama Canal. This means the railways have to lower rates to compete between Montreal and Vancouver, while this is not the case from Winnipeg.

I should like to discuss for a moment a subject with which the minister dealt this afternoon and about which I interrupted him, somewhat facetiously though not entirely. I do not have the text of what he said, but I am sure I am not misrepresenting him when I say he said that the government's transportation policy was based on the National Transportation Act and that the workings of that policy and the decisions arising out of the act stemmed from the Canadian Transport Commission. He went on to say that those who did not agree with the decisions made by the Canadian Transport Commission had the right of appeal.

I then interrupted him, as I say somewhat facetiously, to say that I thought this was pretty useless since the chairman of the commission was the friend of the minister. The

minister, I think quite properly, made it clear that there was no sort of relationship, though they were friends, between the chairman of the transport commission and himself. I am prepared to accept the assurance of the minister that his position is clear and that he does not interfere in decisions, but like many other people both inside and outside Parliament I cannot say that I have the same confidence in the chairman of the Canadian Transport Commission as I have in the minister.

Before we set up the Canadian Transport Commission we had the board of transport commissioners. As I read their decisions I began to think they were wasting money on rent to stay in Ottawa, that they ought to have their offices on the premises of the Canadian Pacific Railway, because I never knew them to make a decision that was against the interests of the CPR. But I do want to say that the board of transport commissioners was a great organization compared to the Canadian Transport Commission under its chairman, Mr. Pickersgill.

I should like to give some illustrations of the kind of decisions that are made by the commission under its chairman. Since the Canadian Transport Commission took over its responsibilities under this minister, it has been the policy to downgrade Air Canada and to build up the regional air carriers. I have been interested to watch the regional air carriers who have been able to get their share of the gravy. I come from Winnipeg, and although I am speaking somewhat parochially I cannot say that I am unhappy at the growth of Transair. But I would be less than honest if I were to say that I believe it is a coincidence that Transair's operations have grown so rapidly since the advent of the Canadian Transport Commission, under the chairmanship of Mr. Pickersgill, knowing that the president of Transair, Mr. Rod McIsaac, was formerly—and may still be—the chief fund-raiser of the Liberal party in Manitoba and that the vice-president of Transair, Mr. Morrison, was formerly the executive assistant of Mr. Pickersgill when he was minister of transport.

• (2120)

I do not believe that was sheer coincidence; nor do I believe it was sheer coincidence which permitted Transair to order large, expensive Boeing-737 airliners when its operation at that time did not warrant the purchase of these aircraft. Of course, Transair had an application in for longer runs from Winnipeg to Regina to Saskatoon, and from Winnipeg to the Lakehead to Dryden to Sault Ste. Marie and Toronto, and a jet run from Winnipeg to the Lakehead to Toronto. It required a great deal of confidence to buy those aircraft before the CTC had heard the applications and made a decision. I do not believe this was a coincidence; they must have had some foresight.

Let us look at what happens in the case of that great Canadian company which has only one purpose, serving the needs of the Canadian people—the Bell Telephone Company. I cannot remember a time when the Bell Telephone Company made an application for an increase in rates and the Canadian Transport Commission said no. It is true that Bell Telephone does not get everything it asks for, but I have had a good deal more experience with unions than with corporations and it seems that Bell Telephone, when it asks for rate increases, operates in much

the same way as most of the unions. It asks for two or two-and-a-half times as much as it expects to get, and hopes to settle for a pretty good increase. That is precisely what Bell Telephone has done every year even though its profit has been substantial and has increased every year. Each year Bell Telephone asks at least once for an increase, and at least once a year it has received an increase as a result of the kindness and impartiality of the chairman of the Canadian Transport Commission.

Mr. Deachman: So why don't you buy a block of stock and get rich?

Mr. Orlikow: The hon. member for Vancouver Quadra (Mr. Deachman) suggests I should buy a block of stock and get rich. If I had his money I probably would do that.

Some hon. Members: Oh, oh!

Mr. Orlikow: Let us look at what has happened to passenger services since the Canadian Transport Commission has taken over the supposed supervision of railway services. Passenger services have been cut in virtually every part of the country. It is true that the commission has not yet agreed to all the requests of the CPR, but if it did there would be no passenger service provided by the CPR. I suppose we should thank God for small mercies.

I have already referred to the most glaring example of the cut in services that has taken place, namely the service between Ottawa and Montreal. The same thing is happening on a lesser scale in every part of the country. The members of the transport committee have just come back from hearings in southern Ontario about reduction in service in that part of the country. We have a reduction in the number of trains and dining and sleeping cars have been taken off, all of which was permitted by the CTC. Of course, the railway companies will come to the CTC and say they want to discontinue these passenger services because they have no passengers. Of course they have no passengers: they have done everything they can to drive them away.

The situation in respect of rail passenger service is duplicated in respect of rail freight service. Members from Atlantic Canada, the most disadvantaged area of this country, have spoken again and again over the years, as they did again today, about the inexorable increases in rates for freight moving across the Atlantic provinces. This results in a reduction in the standard of living in these areas because of a reduction in services, in employment and in the ability of the Atlantic provinces to compete for jobs and the production of goods, because the movement of raw materials required for manufacturing and the moving of the finished product costs more. Therefore they become less competitive than they have been up to now.

That is the record of the Canadian Transport Commission, that body established by a Liberal government to help us develop a national transportation policy. One thing we ought to have learned—

Mr. Speaker: Order, please. I regret I must advise the hon. member that his time has expired.

Mr. Jack Cullen (Parliamentary Secretary to Minister of Energy, Mines and Resources): Mr. Speaker, I read with some interest, but frankly with very little surprise, the motion presented by the official opposition on this opposition day. One can almost see the Conservative caucus, presided over by the genial member for Prince Edward-Hastings (Mr. Hees), missing the magniloquent gentleman from Prince Albert. One can almost sympathize with the dilemma even of this body, because it seems there are so few subjects upon which its members can agree or even reach consensus.

That dilemma takes on insurmountable dimensions when they endeavour to come up with a subject they can speak about in a positive way, having found unanimity in their party. Here we have a motion which I think some Conservative genius has dreamed up for a party that cannot reach consensus in any positive policy direction, a party which finds itself ever more unable to reach consensus even when attacking the government.

This is quite a motion for debate. It allows each member of the opposition who takes the opportunity to speak, to highlight transportation problems as they affect his area. He can then go back to his riding and say in a political way, "I really told the government off." It would be my hope that the candidates who oppose those people in the next election will ask the obvious question, "After you told the government off, did you then proceed to tell the government how to remedy the situation?" Of course, the opposition party, being what it is, will duck that question as it so often does here, by saying that is not exactly its responsibility.

That is exactly the role the official opposition in the House of Commons is called upon to play and that is why I feel it is almost a waste of an opposition day, when the opposition had the opportunity to do something in a positive way, for the opposition to tell us what they think about a positive transportation policy. We have not heard much about that today.

An hon. Member: You won't listen.

Mr. Cullen: I did listen to the hon. member for Moncton (Mr. Thomas), who is not in his seat but is in the House. I give him credit for being one of the few members of the opposition who, when he moves a motion on an opposition day, sits in the House during the rest of the debate to listen to what other hon. members have to say. Normally the mover makes the motion, says what he has to say before the television cameras and we do not see him during the rest of the debate. The hon. member for Moncton has been courteous enough after moving the motion to listen to what the rest of us have to say. The important role which the opposition should play has been ignored.

When I prepared my notes for this speech I did not know whether I would speak midway in the debate or some time toward the end. I am satisfied that if anybody takes the time and effort to do a bit of research on the speeches made today by members of the opposition, he will find running throughout these speeches more parochial complaints than national ones, and I believe he will be hard pressed to find any positive direction in the debate even after sifting through the myriad criticisms.

Mr. Benjamin: You weren't listening.

Mr. Cullen: I was not only listening, I was listening quietly, which is something the hon. member for Regina-Lake Centre (Mr. Benjamin) has a hard time doing when any debate is taking place in this House.

A national transportation policy is naturally a very difficult thing. By the same token, no one can deny the multiplicity of difficulties growing out of any attempt to resolve this dilemma. The Minister of Transport (Mr. Jamieson) in speaking to the Standing Committee on Transport and Communications on May 25, 1972, set out what he sees as our national transportation policy. In the time available to me I cannot repeat what he said at that time, but he made 17 or 18 suggestions about that which he is trying to do.

• (2130)

I commend the minister's speech of that date to anyone who wants to find out what we in this party are trying to do about a national transportation policy. The minister said that the structure of the ministry has been refined, that the new ports policy has been implemented, that the organization of the National Harbours Board has been updated, that the national policy council will play a key part in assisting policy formation, that most Canadian ports had their most successful year in history and that all ports responded well to the pressures caused by the United States longshoremen's strike. On and on it goes, all on the plus side of the picture. The minister did not duck anything. He came out with what he says is our national transportation policy. No one today volunteered to refer to the fact that the minister brought this forward. Naturally, in the half hour allotted to him he could not go through all three categories, land, sea and air, to the satisfaction of all the parties.

An hon. Member: He left the chamber.

Mr. Cullen: Yes, he left because like the wonderful minister he is, he has other duties and responsibilities to perform which he does beautifully. One of the problems we have in establishing a national transportation policy is the jealously guarded municipal and provincial jurisdiction, which means that a federal government in establishing a national policy must be prepared of necessity to deal with the provinces and with probably all the metropolitan areas which do not necessarily see eye to eye with their own provincial governments concerning the area in which priorities should be established. This is not to rule out the smaller rural and urban communities. But surely the provinces have the responsibility to deal with these communities and then to bring these ideas to a transportation policy conference.

A conference of this nature would have a tendency to get bogged down in political bickering, each one looking after his own community or particular responsibility. We would expect politicians to assume this role, and naturally they do. I am not too much in favour of in-camera meetings, but this is an area in which the country stands to gain tremendously if positive and compromising suggestions could be made by all levels of government and if all kinds of ideas could be brought about without the confrontation aspect that is bound to ensue under the glare of the mass media.

At the conclusion of the conference or conferences, because I can see many of these being necessary, communiqués could be issued and then the final analysis conference should be held in the hope of hearing ideas about the direction our transportation policy should follow. I do not look for an overnight sensational announcement arising out of these conferences, nor do I see a headline to headline type of communiqué such as the press and other media would like to see because it provides good stories: I see this as a long, hard grind before decisions are reached. In the final analysis it might very well be the responsibility of the federal government to take the leadership role and make the decisions which must be made on a national transportation policy.

Mr. Paproski: We will look after it following the next election.

Mr. Cullen: I do not know how you will look after it, because you will be back in Edmonton. It is just possible that the tri-level, municipal-provincial-federal conference would be the best forum at which to discuss this particular problem. Certainly at such a conference finances and taxation would dominate. That is to be expected, because I am satisfied that municipalities need a larger share of the tax dollar and a better method of taxation or system of sharing in revenues than their present, almost total reliance on real estate taxes supplemented of course by provincial grants gained in large measure from the federal purse. But in addition to taxes and finances, transportation surely must rate high on the list of priorities of such a conference.

My second recommendation would be that the Department of Transport is too large a federal department, dealing as it does with land, sea and air, and therefore I would suggest that the department be headed by a minister of transport who has assigned to him two ministers of state, one responsible for air and the other responsible for land and sea.

Mr. Baldwin: Are you available?

An hon. Member: Are you looking for a job?

Mr. Cullen: I know I could do the job, but I am not preaching for a call. I am trying to make some positive suggestions.

An hon. Member: You are fixing yourself up for the next election.

Mr. Cullen: It is nice of the hon. member to say I am fixing myself for the next election, because he is conceding we will win. It might even be suggested that three ministers of state be appointed with one responsible for land, one responsible for sea and one responsible for air transportation. We in Canada are fortunate that we have such a splendid Minister of Transport at the helm at the present time. I think Mr. Tissington says it very well in his column which appears in the Thompson newspapers across Canada but which I read in the Sarnia *Observer*. Mr. Tissington, a reporter, had this to say on June 3 of this year:

> The more I see transport minister Don Jamieson in action, the more I am impressed. The most recent wave of admiration occurred following meetings of the Commons Standing Committee on Transport and Communications. Each session, Mr. Jamieson makes an appearance before that committee to be examined on his ministry's spending estimates for the current fiscal year.
>
> This annual appearance took place here the other day with the committee meeting in the morning, in the afternoon and again in the evening. Mr. Jamieson appeared at all three meetings, accompanied each time by a retinue of officials from his department. Some idea of the size and scope of the ministry of transport can be grasped from the fact that no fewer than 20 of these officials were on hand at the meetings, from the deputy minister to assistant deputy ministers, head of various branches—

This is why I say the department is too large and too great a responsibility for one man, although fortunately we have the right man at the helm. The article continues:

> Once in a while Mr. Jamieson refers a question to one of the experts but I get the impression he only does this to give them something to do or because he needs to pause for a minute or two to regain his breath after answering the ten preceding questions single-handedly.

In conclusion, Mr. Tissington says that if the minister cannot answer some questions, perhaps a parochial question of minor import, it is only a matter of a day or two before the member is sent the answer. Mr. Tissington also states that it is little wonder the transport minister is so popular and respected by his Commons colleagues. I could not have said this better myself.

I should like to make one other recommendation for the consideration of the Minister of Transport. At the present time I believe there are between 40 and 55 applications lodged with the Canadian Transport Commission by Canadian National Railways to cease passenger transportation to various communities in Canada. It is known by everyone that the CNR has no intention of abandoning this passenger service. But in order to secure the subsidy which it seeks, it is necessary for the company to appear before the Canadian Transport Commission with an application to abandon rail passenger service.

It seems to me it would be extremely simple to agree to an amendment so that when a railway company is applying for a subsidy it should have the right to go the direct route. In this way the local municipalities, chambers of commerce, citizens—and railway unions, for that matter—could support the railway in its application and it would be in their best interests to do so. The public relations benefits to be derived from such a procedure are self-evident.

However, when a railway sincerely wished or found it necessary to abandon a passenger service, it should make direct application to do so. In these instances the municipalities, chambers of commerce, railway unions, passengers and others could present their briefs in opposition to such an application. The opponents of such an application might very well establish that the passenger service could run, if it were subsidized, so the project could be dropped in the second category and a subsidy provided. Surely, however, the time has come to stop placing the railway companies in the position where they apply for the abandonment of a line in order to secure a subsidy.

• (2140)

These, then, in capsule form, are my recommendations: First, a national conference, probably using the tri-level

meeting of municipalities, provinces and the federal government to discuss the transportation policy and transportation problems; second, the Department of Transport should be headed by a minister of transport with the assistance of three ministers of state, each responsible for a particular area of transportation; third, an amendment to the legislation which would permit the railway companies to apply for subsidies when they are looking for subsidies and to apply for the discontinuance of routes when that is their intention.

Mr. G. W. Baldwin (Peace River): Mr. Speaker, after listening to "Cullen's fairy tales" I would suggest that if the hon. member is fortunate enough to come back here after the next election he might well qualify for fourth acting critic of the opposition on transportation.

There is only time for me to make one comment, and it is this. The national transportation policy as enunciated in section 3 of the act has been a dismal failure. It has not operated, it has not worked. This country is in a difficult and unfortunate position because of the failure of the government to implement anything like that policy.

I conclude this very simple statement by saying that when a new government takes office it will certainly have as one of its priorities a review of the national transportation policy and will do it, not through experts as the government would like but through a committee of the House, and it will propose a new policy and a new National Transportation Act. We are overdue in that regard. After listening to hon. members on the government side, it is quite plain that is what we must have.

Some hon. Members: Hear, hear!

Mr. Mark Rose (Fraser Valley West): Mr. Speaker, I have perhaps only one minute in which to make my remarks.

Mr. Speaker: Order, please. Perhaps by consent the hon. member might be given 30 seconds.

Mr. Rose: I would just like to say that I was very interested in listening to that beautiful man from Sarnia, and his great defence of the Minister of Transport (Mr. Jamieson). I attended the meeting of the transport committee at which such glowing remarks were made about the minister. I agree that the Minister of Transport is an old smoothie, and I suggest he has a tremendous future in radio if he ever decides to retire from politics.

Mr. Speaker: Order, please. Pursuant to special order made June 5, the time provided for the consideration of the business of supply at this sitting has expired.

* * *

FOREIGN TAKEOVERS REVIEW ACT

MEASURE TO PROVIDE FOR CONTROL OF FOREIGN OWNERSHIP OF CANADIAN COMPANIES

The House resumed from Monday, June 5, consideration of the motion of Mr. Pepin that Bill C-201, to provide for the review and assessment of acquisitions of control of Canadian business enterprises by certain persons, be read the second time and referred to the Standing Committee on Finance and Economic Affairs.

Division

Mr. Speaker: The question is on the main motion. Call in the members.

The House divided on the motion which was agreed to on the following division:

• (2150)

(Division No. 24)

YEAS

Messrs:

Alexander	Hogarth
Alkenbrack	Hopkins
Asselin	Howard
Baldwin	(Okanagan Boundary)
Barrett	Hymmen
Basford	Isabelle
Béchard	Jerome
Bell	Kaplan
Benson	Knowles (Norfolk-
Bigg	Haldimand)
Blair	Korchinski
Blouin	Laflamme
Borrie	Lajoie
Boulanger	Lang (Saskatoon-
Breau	Humboldt)
Buchanan	Laniel
Caccia	La Salle
Cafik	Leblanc (Laurier)
Chappell	Lessard
Chrétien	(Lac-Saint-Jean)
Clermont	L'Heureux
Coates	Lind
Cobbe	Loiselle
Corriveau	MacDonald (Egmont)
Côté (Longueuil)	Macdonald (Rosedale)
Crossman	MacEachen
Cullen	MacKay
Cyr	McBride
Deachman	McCleave
Deakon	McCutcheon
De Bané	McGrath
Dinsdale	McKinley
Drury	McNulty
Dubé	McQuaid
Fairweather	Mahoney
Flemming	Major
Forest	Marceau
Forget	Marchand
Foster	(Kamloops-Cariboo)
Francis	Monteith
Gendron	Moore
Gervais	Morison
Gillespie	Muir
Goyer	Munro
Gray	Murphy
Grills	Murta
Groos	Nesbitt
Guay (St. Boniface)	Nielsen
Guilbault	Noble
Haidasz	Noël
Hales	Nowlan
Harkness	O'Connell

Division

Messrs:

Olson
Osler
Otto
Ouellet
Paproski
Penner
Pepin
Perrault
Portelance
Reid
Richard
Richardson
Ritchie
Roberts
Robinson
Rochon
Rock
Roy (Timmins)
Roy (Laval)
Rynard
Schumacher
Scott
Sharp
Simpson
Smerchanski
Smith (Northumberland-Miramichi)
Smith (Saint-Jean)
Southam
Stanfield
Stewart (Cochrane)
Sullivan
Thomas (Maisonneuve-Rosemont)
Thomas (Moncton)
Tolmie
Trudeau
Trudel
Turner (London East)
Walker
Watson
Weatherhead
Whelan
Whicher
Whiting
Woolliams
Yanakis—144.

NAYS

Messrs:

Barnett
Beaudoin
Benjamin
Blackburn
Brewin
Broadbent
Burton
Dionne
Douglas
Fortin
Gauthier
Gilbert
Gleave
Godin
Harding
Knight
Knowles (Winnipeg North Centre)
Latulippe
Lewis
MacInnis (Mrs.)
Nystrom
Orlikow
Peters
Rodrigue
Rondeau
Rose
Saltsman
Skoberg
Tétrault—29.

Mr. Speaker: I declare the motion carried.

Motion agreed to, bill read the second time and referred to the Standing Committee on Finance, Trade and Economic Affairs.

Mr. Speaker: It being after ten o'clock, this House stands adjourned until two o'clock tomorrow afternoon.

At 10.09 p.m. the House adjourned, without question put, pursuant to Standing Order.

HOUSE OF COMMONS

Wednesday, June 7, 1972

The House met at 2 p.m.

HOUSE OF COMMONS

TABLING OF FOURTH REPORT OF CLERK OF PETITIONS

Mr. Speaker: I have the honour to inform the House that the Clerk of the House has laid upon the table the fourth report of the Clerk of Petitions.

The report was then read by the Clerk, as follows:

Fourth Report of the Clerk of Petitions

Wednesday, June 7, 1972.

The Clerk of Petitions has the honour to report that he has examined the petition of Herman Weisz, of the City of Ottawa, Ontario, in relation to a report entitled "Concentration in the Manufacturing Industries of Canada", dated March 31, 1971 and published by the Queen's Printer for Canada on behalf of the Department of Consumer and Corporate Affairs, presented by Mr. Andrew Brewin, Member of Parliament, on Tuesday, June 6, 1972, and finds that the petition meets the requirements of the Standing Orders as to form.

Respectfully submitted,

Fernand Despatie,

Clerk of Petitions.

PETITION OF HERMAN WEISZ—RULING BY MR. SPEAKER

Mr. Speaker: The House has just heard the Clerk read the fourth report of the Clerk of Petitions in relation to the petition filed yesterday by the hon. member for Greenwood. Since the filing of the petition yesterday, I have had an opportunity to study very carefully the contents and substance of that document. The substance of the petition is that the petitioner who was a public servant was largely the author of a report entitled "Concentration in the Manufacturing Industries of Canada" published by the Department of Consumer and Corporate Affairs. This report was attributed to be the work of a public servant, not the petitioner, under the direction of yet another public servant, also not the petitioner.

The suggestion is that it was wrong, and inaccurate in failing to give the petitioner credit for his part in the publication, thereby damaging his reputation. The petitioner urges the House of Commons to cause the person or persons responsible for the alleged wrongful appropriation of his work to publish a correction and to give him credit for his part in the publication.

Hon. members will recognize that it is a heavy responsibility of the Chair to ensure that petitions are in accordance with the historic practices and usages of the House. There is a fundamental right to petition the House of Commons, but that right should not be used to put aside other and probably more effective remedies. It is my understanding that there is an avenue open to the petitioner which has not been referred to in his statement of grievances. There is a precedent in the year 1956 to the effect that the House will not receive a petition dealing with a matter, the jurisdiction of which has been assigned to another body. This precedent may be found at page 163 of the *Journals* of the House for Thursday, February 16, 1956. I quote from the *Journals* of the House:

Mr. Speaker decided that, although the abovementioned petition met the requirements of Standing Order 70—

Now Standing Order 67.

—it was irregular in that it did not set forth a case in which the House had jurisdiction to interfere since Parliament had vested in the Governor in Council and in the Minister of Transport the exclusive authority to approve and issue licences for the operation of private television stations, and that the petition could not be received.

The Chair has other reservations concerning the substance and the language of the petition filed by the hon. member yesterday. The document, in my estimation—and I say this after much serious thought and consideration—is more in the nature of a remonstrance or a listing of grievances rather than a petition as it is understood by our usages and practices. Included in the substance of the purported petition are statements which, in my opinion, are charges of a very strong character against a minister and a senior departmental official.

• (1410)

As the House knows, assuming a petition to be acceptable from a procedural standpoint, further discussion or consideration of it may be carried out only by consent. We have to go back to the year 1962 for an instance where such unanimous consent was given to allow a debate in the House followed by a referral of the matter to a committee. Perhaps I might be allowed at this point to refer to Dawson's Procedure in the Canadian House of Commons, page 242, dealing with modern practice in relation to petitions:

These rulings and the procedure surrounding the reception of petitions have acted, in recent years in particular, to discouraging petitioning. At many times the House has shown itself willing to waive its rules, however strict, to allow the introduction or the passage of a measure it desires, but it has consistently refused to do the same with petitions. Not only is the possible subject-matter limited today, but the forms are strictly observed. The examination by the Clerk of Petitions ensures that many petitions will never be received by the House. Even if they are drafted properly and deal with a proper subject, the petitions cause little stir in the House: the Speaker informs the House that they may be received and they disappear from sight without comment. At best a member may present a petition in person and read the prayer; his fellow members nod agreeably and the petition disappears; there is no debate. The result of these restrictions and this procedure is that petitions are of little use today. Petitions for private bills are still common, but the old tradition by which an individual could pray for redress of wrongs and expect an alleviation of difficulties has fallen into disuse. It is unlikely ever to be revived.

In light of what I have read and said I wonder whether hon. members would not agree that, if allegations con-

tained in a document were allowed to be inserted into our records, another possible injustice would be created.

I might refer hon. members to Citation 333 of Beauchesne's Fourth Edition in reference to the use of language in a petition.

For the reasons stated, I feel that the document filed yesterday is not a petition which meets the requirements of the practices and usages of the Canadian House of Commons covering the receipt of petitions. With regret, because I know the matter is perhaps of interest to members, and certainly to the hon. member for Greenwood, I suggest that the matter cannot be brought to the attention of the House by way of petition. The hon. member knows as well as I that there are other ways a grievance can be submitted to the House. There are many avenues open to the hon. member if he wishes to pursue the matter, but I suggest, with regret, that the avenue of a petition is not the proper one at this time.

ROUTINE PROCEEDINGS

REGIONAL ECONOMIC EXPANSION

ANNOUNCEMENT OF CONTINUANCE OF PRESENT DESIGNATED REGIONS FOR FURTHER PERIOD

Hon. Jean Marchand (Minister of Regional Economic Expansion): Mr. Speaker, I should like to inform the House that, following consultations with the provincial governments, the Governor in Council has decided that regions now designated for purposes of the Regional Development Incentives Act should continue to be designated for an additional period of 12 or 18 months.

Regions designated in August, 1969, for a period ending July 1, 1972, will continue to be designated for a further period of 18 months, that is, until December 31, 1973. These regions include all of the Atlantic provinces except Labrador, all of eastern and parts of northwestern Quebec, part of northern Ontario, southern Manitoba, parts of southern and northeastern Saskatchewan, southern Alberta, and southeastern British Columbia. Regina, Saskatoon and Renfrew-Pembroke will also continue, until December 31, 1973, to be designated as special areas for purposes of industrial incentives.

[*Translation*]

Regions designated in January 1971 for a period ending July 1, 1972, will continue to be designated for a further period of 12 months—that is, until July 1, 1973. These regions include southwestern Quebec and parts of eastern Ontario.

By July 1972, current designations will have been in existence for somewhat less than three years. Six to nine months were required to bring the program into fullscale operation and, during the initial two years of the program, manufacturing investment, activity, in Canada as in many other countries, was at a relatively low level. As a result, experience under the regional development incentives program is only now becoming sufficient to permit meaningful evaluation. Intensive work to that end, and to review related aspects of the regional economic expansion program, is underway and will be followed by a process of thorough consultation with each of the provincial governments. The decision to continue existing designations will provide the time needed to complete this process.

[*Mr. Speaker.*]

[*English*]

Mr. James A. McGrath (St. John's East): Mr. Speaker, first of all I wish to thank the minister for extending the usual courtesy by providing an advance copy of his statement. Second, I should like to say we particularly welcome the announcement contained in the minister's statement that he is at long last undertaking an evaluation of the whole regional development program. This has been suggested many times in the House during the past two to three years. It has been suggested by the Canadian Council on Rural Development and by others as well. I can only say we hope that when this review is completed it will be made public to allow for critical and, if you like, independent analysis of that evaluation.

The minister's statement extending the term of all designated regions until December 31, 1973, really comes as no great surprise. We are, however, a little surprised at the brevity of the minister's statement; we are surprised that he said so little. In fact, we expected that he would take advantage of this opportunity on motions to respond to some of the criticisms that have been levelled at the program both inside and outside the House. Having said that, I readily admit that the minister has done a commendable job before the Standing Committee on Regional Development in his many appearances during the course of examination of his estimates. But that is not quite the same as making a statement of policy on motions in the House and giving the opposition parties a chance to reply for the record.

I had hoped that rather than continue to scatter public funds under the Regional Development Incentives Act in this ad hoc fashion across half the populated area of Canada, the minister would have shown greater selectivity and hence a greater appreciation of the regionally disadvantaged areas of the country. In our view it is not reasonable to suppose that development of viable secondary industries can be promoted in each and every one of the population centres across the vast area of the designated regions in this country which are found in every province in the land. In each of the designated regions there are centres which have a potential for the growth of secondary industry. It is in these centres that the incentive program should, in our view, be concentrated. This concentration can be done through the mechanics of industrial complexes, if you like, similar to the new Multiplex Corporation which is now under way in Saint John, New Brunswick, and which we feel hold the ultimate promise for the success of regional development in this country. However, this blunderbuss approach of the minister in fact defeats the purpose of the program by lavishly extending the designated regions right across the country.

• (1420)

We had hoped that the minister would take advantage of this procedure in the House to reply to the genuine reservations and concern that we have over the effects that the budgetary provisions with respect to capital

write-off and accelerated depreciation will have on grants under the Regional Development Incentives Act. The Atlantic Provinces Economic Council has indicated that in its view the accelerated write-off and capital depreciation provisions in the new budget will in fact dilute the effects of the Regional Development Incentives Act. Questions in this regard were directed to the minister in the House and to the Minister of Finance, but members have not been able to extract any assurances to the contrary. I have also been advised that the Atlantic Development Council, which answers to the minister, has this important matter under study.

May I say in conclusion that we regret that the minister has not revised the whole designated area concept and its application right across the country because we believe this defeats the very purpose of the government's policy to end regional disparity in this country.

Mr. John Burton (Regina East): Mr. Speaker, I want to thank the minister for supplying a copy of his remarks to opposition spokesmen ahead of time. The first statement made by the minister is not true. He said,

> ... following consultations with the provincial governments, the Governor in Council has decided that regions now designated ... should continue ...

The cabinet made a decision on March 30 to continue the present basic designated regions to the end of 1973. The present designated regions were established in mid-1969 and have been in effect for almost three years. The government provided for a review by setting the June 30 expiry date this year. But now we are told there is to be no change. This is evidence that the program has failed. There is great disappointment and there will be great disappointment, particularly among the provinces, that there has been no change in content or in boundaries. The sum of $250 million has already been committed, much of it still to be spent, and the commitments are accelerating, but we have business as usual for the next 18 months.

In addition, there is no change in policy with regard to grants to foreign-controlled firms. I think we might have expected some change associated with Bill C-201. Why should any foreign-controlled firm want to take over a Canadian enterprise when it can get this type of industrial incentive grant to expand its present operations or to set up a new operation in Canada? In addition, they have over half the country to choose from when picking a location. The government should also note that Ontario is doing away with its program of forgiveable loans to foreign-controlled firms because the loans are doing no good.

A great deal of study was given to this program by the committee. There are many problems in its administration, but the minister has allowed the program to be used for short-run objectives. An evaluation program has not been developed even though the minister said last year that they were starting such a program. It is urgently needed now.

A Montreal *Star* editorial in the June 6 issue pointed out the following:

> The program, then, is ripe for a thorough reassessment. It is too expensive, and the needs for regional development are too pressing for policies to be taken on faith.

In committee I raised a question on the legality of the grants because clause 7 specifies that "no development incentive may be authorized ... if ... (a) it is probable that the facility would be established, expanded or modernized without the provision of such an incentive." Two deputy ministers have said that grants are merely likely to accelerate decisions rather than to effect a negative decision. But the minister has told us that no legal opinion has been obtained from the Minister of Justice on whether any grants can be given under these circumstances, and he gave no undertaking that such a legal opinion would be given.

To sum up, Mr. Speaker, we believe that regional disparities must be overcome. Every Canadian in every region of the country has the right to share in national prosperity. The government is placing emphasis in its program on these give-away grants, now totalling a quarter of a billion dollars. The government has the wrong priorities in its program. The taxpayer is tired of paying money to industrialists, with no results to show for it. The program needs a complete overhaul.

A new program must be developed that includes direct state intervention to establish the nucleus of an industrial strategy in each region, an overhaul of the corporate tax structure to reflect the real social costs of locational choices by industry, a carefully planned infrastructure program co-ordinated with industrial development, and there must also be genuine consultation and co-operation with the provinces and with local groups and organizations rather than the phony consultations that the minister has just reported.

Finally, Mr. Speaker, where is the progress with regard to other programs which I think all of us can go along with, such as the multiplex program already referred to and the agricultural services centre program? These other types of programs certainly need much more priority than has been given to them.

[*Translation*]

Mr. C.-A. Gauthier (Roberval): Mr. Speaker, I beg to congratulate the minister for the statement he has just made, namely that it has been "decided that regions now designated for purposes of the Regional Development Incentives Act should continue to be designated for an additional period of 12 or 18 months". I would have liked to receive a copy of his statement earlier, but it has just been put on my desk. It is regrettable because I would have had many comments to make on this matter.

The minister has also said and I quote:

> Regions designated in January 1971 for a period ending July 1, 1972, will continue to be designated for a further period of 12 months—that is, until July 1, 1973. These regions include southwestern Quebec and parts of eastern Ontario.

Mr. Speaker, some might say that I talk in a parochial spirit, but I always think about the Saguenay-Lac-Saint-Jean area. I congratulate the minister for the projects that have been carried out in this area, particularly in the Roberval riding, because the constituents are satisfied with the programs that have been implemented, although they are unhappy about the manner in which they were announced. I warn the minister not to use this kind of announcement concerning these programs as a political stepping-stone because I discovered when the last two

were made that we were faced with a real Liberal organization and the people were saying that the event was "patronized" by the Liberal party.

Mr. Speaker: Order. If the hon. member will look at Standing Order 15 (3), he will see that any remarks he may make should be limited to the minister's statement and should not be designed to provoke a debate.

Mr. Gauthier: Mr. Speaker, I did thank the minister in the first place, because he likes to be thanked.

Just the same I want to draw his attention on the matter because all the constituents of Roberval were disgusted, including some of the most sincere liberal organizers.

I have pointed out to the minister in committee the projects concerning the small local industry. I think that in general, too much attention has been given to the large industry, the so-called millionaire industry at the expense of the small local industry. Yet it is the latter which provides jobs and not the large industry. Indeed, as soon as some aid is granted to the large industry, it abolishes jobs, while the local industry does the opposite.

The minister is well aware of that fact, since I have already drawn his attention on it. I hope he will take the matter in consideration because I know he is not stubborn. Indeed, he takes heed of criticism and I hope he will do so when announcing the establishment of industries in the Roberval constituency.

* * *

• (1430)

[*English*]

IMMIGRATION

SUICIDE OF ALICIA WIERCIOCH—REQUEST FOR UNANIMOUS CONSENT TO MOVE MOTION UNDER S.O. 43

Mr. Stanley Haidasz (Parkdale): Mr. Speaker, under Standing Order 43 I ask permission of this House to move the following motion:

That the House of Commons Standing Committee on Labour, Manpower and Immigration investigate the circumstances of the suicide of Alicia Wiercioch, a mother aged 35 years who was ordered deported by the Immigration Appeal Board, and that the committee review the Immigration Appeal Board Act and related federal legislation and regulations and consider amendments to these and other acts as necessary.

Some hon. Members: Hear, hear!

Mr. Haidasz: Mr. Speaker, in view of this tragedy and other near tragedies and hardships related to the operations of the federal legislation and regulations dealing with immigration and deportation cases—

Mr. Speaker: Order, please. The hon. member has indicated what his motion is. As he knows, the rules are clear that the case cannot be argued. The hon. member has already indicated the terms of the motion. I think the Chair has no alternative at this point but to inquire whether there will be consent. This motion is put to the House under the terms of Standing Order 43 and requires unanimous agreement. Is there unanimous agreement?

Some hon. Members: Agreed.

[Mr. Gauthier.]

Some hon. Members: No.

Mr. Speaker: There is not unanimity and the motion cannot be put.

Some hon. Members: Who said no?

An hon. Member: The Grits again.

Mr. Trudeau: I didn't, but you never know.

Mr. Jerome: I did.

* * *

POLLUTION

CHERRY POINT OIL SPILL—REQUEST FOR UNANIMOUS CONSENT TO MOVE MOTION UNDER S.O. 43

Mr. Barry Mather (Surrey-White Rock): Mr. Speaker, I rise under the provisions of Standing Order 43 to move a motion. Having in mind the pollution by oil of beaches in the Crescent Beach and White Rock area of Surrey-White Rock constituency, which resulted from a relatively minor oil spill at Cherry Point refinery, U.S.A., I move, seconded by the hon. member for Kootenay West (Mr. Harding):

That this House invite the U.S. Secretary of the Interior, Mr. Rogers Morton and the Administrator Environment Protection Agency, Mr. William Ruckelshaus, to visit the afflicted area and to see, at first hand, a small sample of the inevitable desecration of the west coast which will result from the proposed shipment of Alaska oil by tankers to Cherry Point.

Mr. Speaker: The motion suggested by the hon. member for Surrey-White Rock requires the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

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

CHERRY POINT OIL SPILL—SUGGESTED COMMITTEE INVESTIGATION—REQUEST FOR UNANIMOUS CONSENT TO MOVE MOTION UNDER S.O. 43

Mr. Randolph Harding (Kootenay West): Mr. Speaker, I rise to move a motion under the provisions of Standing Order 43. Having in mind the recent oil spill at Cherry Point which is causing severe pollution damage in Canadian waters, I move, seconded by the hon. member for Surrey-White Rock (Mr. Mather):

That a message be sent to the Standing Committee on External Affairs and National Defence requesting it to proceed forthwith to the west coast to carry out an investigation of the oil spill at Cherry Point and to report back to the House.

Mr. Speaker: This motion is also submitted under the terms of Standing Order 43 and requires the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

Mr. Speaker: There is not unanimity.

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

POLYMER CORPORATION—DISMISSAL OF PERSONNEL

Question No. 2—**Mr. Orlikow:**

How many people were dismissed by Polymer Corporation in the year 1971 (a) with professional degrees (b) technicians (c) others?

Hon. James Richardson (Minister of Supply and Services): Polymer Corporation Ltd., advises that: The number of employees whose employment with Polymer was terminated in 1971 was as follows: (a) 35; (b) none; (c) 84 (24 employees have since been re-employed with the company).

Questions

DEVELOPMENT OF GASPÉ REGION

Question No. 230—**Mr. Burton:**

1. What were the amounts of federal funds spent in each fiscal year to date under the Federal-Provincial Agreement with the Province of Quebec on the development of the Gaspé Region, signed in May, 1968?

2. What were the corresponding amounts spent by the Province of Quebec?

3. In each of the above years, how were the amounts of federal funds spent, distributed according to specific activities?

4. In each of the above years (a) what amounts of federal funds were spent on consulting, research and similar fees (b) what were the names of consultants, researchers and other personnel of this kind (c) what were their assignments (d) what amounts of federal funds were paid to these experts?

Hon. Jean Marchand (Minister of Regional Economic Expansion): 1. 1968-69, $2,184,605; 1969-1970, $7,306,221; 1970-71, $12,145,086; 1971-72, $19,041,616.

2. This information should be requested from the Province of Quebec.

3.

	1968–69	1969–70	1970–71	1971–72
Administration	520,510	632,100	1,036,158	598,465
Agriculture	19,578	270,300	2,666,684	2,859,657
Forestry	945,249	1,462,067	1,675,497	1,679,415
Fisheries	7,094	868,206	405,657	609,288
Mines	—	—	—	1,419,813
Recreation and Tourism	241,766	945,484	1,025,692	1,821,697
Economic Expansion	—	—	—	957,625
Social and Manpower Development	77,111	514,640	925,183	1,808,039
Urbanization	50,781	606,000	2,477,084	2,276,853
Regional Transportation	216,225	1,825,474	1,486,002	5,010,764
Research	106,291	181,950	447,129	—
	$ 2,184,605	7,306,221	12,145,086	19,041,616

4. One major study of transportation problems, undertaken by Lalonde, Valois, Lamarre and Associates, was financed wholly by the federal government (DREE and CTC) at a cost of $202,233 in 1969-70 and $22,470 in 1970-71. A large number of studies directed by the province were also conducted on a cost-sharing basis, the federal contribution over the period totalling $1,493,772.

BUTTONVILLE AND TORONTO-MARKHAM AIRPORTS

Question No. 359—**Mr. Ryan:**

1. Will operations at the Buttonville Airport and at the Toronto-Markham Airport be allowed to continue when the proposed new Toronto Airport is put into operation?

2. Is it the intention of the government to become involved in discussions with provincial, regional and municipal authorities aimed at providing Toronto with a downtown airport?

Mr. Gérard Duquet (Parliamentary Secretary to Minister of Transport): 1. While some procedural control might be necessary, operations at Buttonville Airport will be allowed to continue. Continued operations at the Toronto-Markham Airport will not be possible in view of the close proximity of this site to the new airport location.

2. Yes.

AIR CANADA—RELOCATION OF WINNIPEG PERSONNEL

Question No. 392—**Mr. Rowland:**

1. Is it the intention of Air Canada to further reduce the number of dispatchers and assistant dispatchers located at Winnipeg and, if so, on what date?

2. Is it the intention of Air Canada to relocate the flight crews now located in Winnipeg and, if so, on what date?

Mr. Gérard Duquet (Parliamentary Secretary to Minister of Transport): The Management of Air Canada advises as follows: 1. The dispatch function at Winnipeg was terminated in November 1970. At that time five Assistant Dispatchers were permitted to remain in Winnipeg until such time as they were required at other locations. It is expected that all of these will have been relocated by June 30 this year.

2. There are no present plans to reduce the number of flight crews in Winnipeg. However, the number of people required to fly aircraft and to cater to passengers is dictated by the number of flights and the type of airplane used.

Questions

FEDERAL ASSISTANCE TO ZAÏRE FOR ROAD TRANSPORT PROJECT

Question No. 398—**Mr. Godin:**

Has the government granted a loan to Zaïre for a road transport project and, if so (a) when was the loan granted (b) in what amount (c) what is the interest rate (d) what is the duration of the loan?

[*Translation*]

Hon. Mitchell Sharp (Secretary of State for External Affairs): The government has granted a loan for a road transportation project in Zaïre; the details are as follows: (a) approved by the minister on February 14, 1972; (b) $4,000,000; (c) 0 per cent interest; (d) 50 years with 10 years of grace.

[*English*]

WAR MEASURES ACT

Question No. 443—**Mr. Schumacher:**

1. To date, how many people have been arrested under the provisions of the War Measures Act?

2. How many of these (a) were released without charge (b) had charges withdrawn (c) had proceedings stayed (d) were charged?

3. How many of those charged pleaded guilty and to what offence did they so plead?

4. How many were found guilty?

5. How many pleaded not guilty and to what offence did they so plead?

6. How many of those pleading not guilty were found guilty and of what offence or offences?

7. How many cases are still pending and what are the pleas and charges in each case?

Hon. Otto E. Lang (Minister of Justice): On the basis of information supplied by the Minister of Justice and Attorney General of the Province of Quebec: 1. 465, two of whom were re-arrested, making a total of 467 as of March 15, 1971.

2. (a) 403; (b) none: (c) all charges laid under the War Measures Act were stayed by *nolle prosequi* at the request of the Attorney General on July 31, 1971; (d) 86 under the War Measures Act and 19 under the Criminal Code, against 62 persons.

3. 13 persons on two or more counts under sections 4(a), 4(c), 4(d), 4(e), 4(g) and 5 of the War Measures Act.

4. See answer to part 6.

5. 49 persons on two or more counts under sections 4(a), 4(c), 4(d), 4(e), 4(g) and 5 of the War Measures Act.

6. 5 persons on two or more counts under sections 4(a), 4(c), 4(d), 4(e), 4(g) and 5 of the War Measures Act.

7. None.

DEPARTMENT OF EXTERNAL AFFAIRS—TRIPS AUTHORIZED, 1971

Question No. 444—**Mr. Paproski:**

What trips did the Department of External Affairs authorize in the 1971 calendar year for personnel of each of the following Canadian Embassies in (a) Russia (b) Poland (c) Czechoslovakia (d) Hungary (e) Roumania (f) Cuba and in each case what were (i) the names of the staff members concerned (ii) the length of their absence from Ottawa (iii) the destinations (iv) the dates?

[Mr. Duquet.]

Hon. Mitchell Sharp (Secretary of State for External Affairs): Apart from the U.S.S.R., members of the diplomatic missions in Canada of the countries referred to in question 444 are not required to file travel notices. U.S.S.R. Embassy personnel in Ottawa are free to travel without giving notice within a 75 mile radius of the centre of Ottawa but when they wish to travel beyond this radius, the embassy is required to give this department 48 hours notice of their intent to travel. While records of all trips under the travel regulations are maintained, it is not the government's practice to put them in the public domain.

TRUCKS AND CARS OWNED BY CNR

Question No. 454—**Mr. Godin:**

1. How many automobiles does the CNR own which are available to its employees?

2. What make of trucks does the CNR own and how many of these trucks can be used on railway tracks for daily inspection?

Mr. Gérard Duquet (Parliamentary Secretary to Minister of Transport): The management of Canadian National Railways advises as follows: 1. There are a total of 472 automobiles which are made available generally to employees in the sales, investigation, claims and telecommunications functions where the continual and full-time availability of a car is essential to the efficient discharge of the employee's duties.

2. (a) Assuming make of truck means name of manufacturer: GMC, Ford, Chrysler, International, White. (b) 26.

SEGREGATION OF WASTE PAPER BY HOUSE OF COMMONS FOR RECYCLING

Question No. 485—**Mr. Kaplan:**

1. How much waste paper was discarded from the Parliament Buildings in a recent accounting period (a) what efforts are made to segregate waste paper from other wastes (b) what efforts are made to assure that this waste paper is recycled?

2. What efforts are made by departments to assure that waste paper discarded by such departments is recycled?

Hon. James Richardson (Minister of Supply and Services): In so far as Crown Assets Disposal Corporation is concerned: 1. Approximately 120 tons of left-over or waste paper was removed from the Parliament buildings in the calendar year 1971; (a) The contractor, Florence Paper Co. Limited, segregates all waste paper picked up, through a screening operation at their plant. (b) All useable paper is identified through this screening operation. Useless waste material is taken to the city dump.

2. CADC is responsible for negotiating the contract with Florence Paper for monitoring the removal and recycling the waste paper generated by government departments.

CNR DERAILMENTS IN QUEBEC

Question No. 490—**Mr. Godin:**

From November 1, 1971 to March 31, 1972, were there any derailments on CNR tracks in the province of Quebec and, if so (a) how many (b) how many people died as a result of such derailments (c) how many were injured (d) in each case, what was the estimated damage in dollars?

Mr. Gérard Duquet (Parliamentary Secretary to Minister of Transport): The management of Canadian National Railways advises as follows: Yes. (a) 22; (b) one; (c) six; (d) Estimated damage to railway property: $2,381, $39,958, $1,549, $110,800, $2,704, $14,680, $219,016, $201,000, $40,000, $12,325, $12,050, $3,208, $4,231, $6,114, $16,938, $162,000, $91,835, $88,941, $505,064, $121,674, $2,608, $4,497.

UNUSED CNR RAILWAY PROPERTY

Question No. 505—**Mr. Noble:**

1. Has the government given any consideration to releasing property deserted by the Canadian National Railways to the local municipalities?

2. Will the government take some action toward having the weeds and brush cut on such unused railway properties?

Mr. Gérard Duquet (Parliamentary Secretary to Minister of Transport): 1. No consideration has been given to this activity as a specific program. As a general rule, in the case of disused rights-of-way the railway attempts to dispose of them in as large blocs as possible by offering them first to provincial departments of highways for road purposes, then to Hydro for power transmission line purposes. If there is no interest on the part of these agencies, local municipal governments are then approached; piecemeal disposal to adjoining owners is used as the last resort.

2. As property released from active use for railway purposes is subject to local ordinance where weed control is concerned, it is not contemplated that direct federal action will be taken with respect to weed and brush cutting on such lands.

REPAYMENT OF LOAN—JAMAICA TRANSPORTATION SURVEY

Question No. 538—**Mr. Robinson:**

Will the government advise of the terms of repayment of the loan to Jamaica for the Jamaica transportation survey?

Hon. Mitchell Sharp (Secretary of State for External Affairs): The Jamaica Transportation Survey entails two stages: Stage I, a comprehensive transportation survey completed in 1970. Stage II, technical and economic feasibility studies of high priority transportation projects arising from Stage I. Two of these have been undertaken. They are the Airports Study and the Road Engineering Studies, both of which commenced in 1971.

Stage I of the transportation survey and the Jamaica Airports Study are among the studies carried out under the loan agreement signed August 2, 1967 for pre-feasibility, feasibility and pre-investment studies in Jamaica.

The terms of the loan are: (a) Interest is payable at the rate of 3 per cent on the amount of the loan drawn by Jamaica and outstanding. (b) The principal amount of the loan is repayable in semi-annual instalments due and payable on the last day of March and September in each year commencing on September 30, 1974 and ending March 31, 1997.

The Road Engineering Studies in Stage II of the transportation survey are the subject of a separate loan agreement signed October 20, 1971.

Questions

The terms of the loan are: (a) Interest is payable at the rate of 3 per cent on the amount of the loan drawn by Jamaica and outstanding. (b) The principal amount of the loan is repayable in semi-annual instalments due and payable on the last day of March and September in each year commencing on September 30, 1978 and ending March 31, 2001.

COST OF "INTERNATIONAL PERSPECTIVES"

Question No. 540—**Mr. Robinson:**

Will the government advise of the cost of the first issue of the publication "*International Perspectives*" and what is the estimated cost per subsequent issue?

Hon. Mitchell Sharp (Secretary of State for External Affairs): The cost of printing the first issue of the publication "International Perspectives" was $5,525.98; 5,460 English copies and 1,635 French copies were produced and distributed.

The estimated cost of printing each subsequent edition, which will have a wider distribution, is $5,900.

CANADIAN ASSISTANCE TO BANGLADESH AND PAKISTAN

Question No. 549—**Mr. Macquarrie:**

1. Is Canadian assistance to Bangladesh included under Canada's participation in the Colombo Plan?

2. What are the major long-term Canadian assistance projects now under development in (a) Pakistan (b) Bangladesh?

3. What major Canadian development projects are now being planned for (a) Pakistan (b) Bangladesh?

4. Are any further contributions for short-term relief to Bangladesh being contemplated by the Canadian government?

Hon. Mitchell Sharp (Secretary of State for External Affairs): 1. Canadian assistance to Bangladesh is not included under Canada's participation in the Colombo Plan. Bangladesh is not yet a member of the Colombo Plan.

2. Pakistan—Canadian assistance to Pakistan has in the past been concentrated largely in the generation and distribution of electric power. Two major projects which are presently being implemented in this sector are the Tarbela Dam and Irrigation Project, $5 million and the Hyderabad-Karachi Interconnector, $4.4 million. In addition Canada has almost completed the installation of an Earth Satellite Station.

Bangladesh—Canadian development assistance currently being implemented is primarily directed towards the immediate rehabilitation and reconstruction needs of Bangladesh, particularly in the transportation, agricultural and power sectors. Projects approved by the minister so far include railway track material $7 million, commodities $5 million, power system equipment $1 million, and shallow draft vessels $2.5 million. The minister has also approved the continuation of an existing priority development project in the agricultural sector involving the provision of tubewell casings, $5 million.

3. Pakistan's immediate requirements stem from the loss of foreign exchange earnings and raw materials which previously came from the now separated east wing.

Projects presently under consideration are therefore aimed at providing commodities and spare parts which are urgently required to keep Pakistan's industries functioning.

Bangladesh's immediate rehabilitation and reconstruction requirements will continue to predominate over long term development considerations for some time to come. At the present time projects involving locomotive spare parts and replacement parts for existing Canadian projects are under consideration in CIDA. Discussions are continuing with the government of Bangladesh to identify additional priority reconstruction and rehabilitation requirements.

4. In addition to previously announced contributions to multilateral and Canadian voluntary organizations, arrangements are currently being made to provide $15 million in wheat to Bangladesh, and discussions are under way with the Bangladesh government on the provision of an additional $5 million worth of either wheat or rapeseed oil.

TRAINING OF BRITISH TROOPS AT SUFFIELD, ALBERTA—LOCATION OF THE DEFENCE RESEARCH ESTABLISHMENT

Question No. 579—**Mrs. MacInnis:**

1. Did the British-based ship *Sir Bedivere* during the first week of May, 1972, unload a cargo of heavy duty tanks and ammunition at the Port of Vancouver?

2. Was the cargo bound for the site of the Defence Research Establishment at Suffield, Alberta and, if not, what was its destination?

3. Did another ship with a similar cargo arrive in April?

4. Is another ship expected about the middle of May?

5. Is a ten-year agreement in force by which British troops in groups of between 600 and 1,000 men will train each year for about three weeks between the months of May and November on three training sites, one of them being Suffield?

6. Are such troops being trained for urban and guerilla warfare and, if not, for what purpose are they being trained?

7. Are such troops to be used in Ireland?

8. What is the area of the training base at Suffield?

9. What studies, if any, were made as to the effect of such training on the grassland ecology of the area?

10. What is the anticipated cost of developing the base facilities for this troop training at Suffield?

11. What is the expected annual payroll cost of permanent Canadian and British staffs, and of civilian employees hired locally?

Mr. J. A. Jerome (Parliamentary Secretary to President of the Privy Council): I am informed by the Department of National Defence and the Department of Environment as follows: 1. Yes.

2. The destination of the cargo was Canadian Forces Base, Suffield but has no connection with the Defence Research Establishment.

3. No. However, two ships arrived in March with cargoes of staff cars, armoured personnel carriers and heavy engineer equipment.

4. Yes. The ship arrived on 14 May, 1972.

5. The ten-year agreement relates to various aspects of training in Canada but the training of British forces in groups between 600 and 1,000 men applies only to Suffield.

6. No, the troops are from units in the NATO formation, British army of the Rhine, and are being trained in the conduct of conventional warfare.

7. British authorities have confirmed that the training to be conducted in Suffield is not related in any way with the British troop operations in northern Ireland.

8. The area of the whole Canadian Forces Base, Suffield is 629,910.12 acres. Approximately two-thirds of the area will be used by British forces for training purposes.

9. See Sessional Paper No. 283-7/44 tabled October 27, 1971.

10. New construction costs, which are recoverable from Great Britain are estimated to be $1,232,000.

11. Annual payroll costs are estimated to be approximately $1,400,000. The costs of the permanent Canadian staff and civilians hired locally will be recovered from the British government.

[Mr. Sharp.]

WINNIPEG, MANITOBA—NUMBER OF INDIAN STUDENTS REGISTERED FOR HIGH SCHOOL

Question No. 603—**Mr. Dinsdale:**

1. How many Indian students from Northern Reserve communities in Manitoba registered for High School in Winnipeg last fall?

2. How many of these are still attending school?

3. What reasons for leaving school were given by those who dropped out?

Mr. J. A. Jerome (Parliamentary Secretary to President of the Privy Council): Mr. Speaker, the reply to Part I is 334 and the reply to Part II is 201. In reply to Part III, the following reasons were given for dropouts: (a) Problems of social adjustment in school and boarding home; (b) Family problems at home which necessitate withdrawing from school.

* * *

QUESTIONS PASSED AS ORDERS FOR RETURNS

GRANTS MADE BY NATIONAL HARBOURS BOARD IN LIEU OF TAXATION

Question No. 76—**Mr. McCleave:**

On what date or dates, and in what amounts, did the National Harbours Board make grants in lieu of taxation for each year since, and inclusive of, 1967, to (a) Halifax (b) Saint John (c) Quebec City (d) Montreal (e) Vancouver?

Return tabled.

DIPLOMATIC MISSIONS IN OTTAWA

Question No. 429—**Mr. Macquarrie:**

1. Which countries where Canadian diplomatic missions are located have not reciprocated this arrangement with the establishment of their own mission in Ottawa?

2. Do any countries with diplomatic missions in Ottawa not have Canadian missions stationed within them and, if so (a) which ones (b) does the government have any plans to establish missions in these countries?

3. Is it intended to open a full-time office in Dacca for the use of officers of the Canadian mission accredited to Bangladesh and, if so, on what date?

Return tabled.

INCOME TAX RETURNS FILED BY FARMERS IN YEARS 1966 TO 1970

Question No. 550—**Mr. Mazankowski:**

1. How many farmers filed income tax returns in each province in the years 1966, 1967, 1968, 1969 and 1970?

2. How many of the returns in each province recorded incomes of (a) less than $2,500 (b) $2,501-$5,000 (c) $5,001-$7,250 (d) $7,251-$10,000 (e) $10,001 and over for the years 1966, 1967, 1968, 1969 and 1970?

3. What was the total amount of income tax collected from farmers in each province for the years 1966, 1967, 1968, 1969 and 1970?

Return tabled.

Mr. Diefenbaker: Mr. Speaker, on a question of privilege, I return once more to point out the failure of this government to answer starred questions and the delays which can only have resulted from an intention on the part of a minister to treat this House with contempt. I refer to questions Nos. 589 and 616, both of which concern the Department of the Solicitor General. This is not the first time I have had reason to complain about delays on the part of that minister who shows to this House an adamant disregard of the rights of Parliament and a contempt that cannot be justified in any way. Certainly inertia is not an explanation for refusal to answer these questions. I find it necessary at the same time to point out that unless starred questions are to be answered it is a ridiculous waste of time to mark them as starred questions, and that some action should be taken by this House to bring recalcitrant ministers to the realization that starred questions should be answered within three days.

Mr. Jerome: Mr. Speaker, as a result of comments by the right hon. gentleman in the past I have looked into these matters. I know some work has been done and that in both instances the answers are very close to completion. Hopefully, we may be able to table them soon.

Mr. Nesbitt: Mr. Speaker, I rise on a question of privilege. Question No. 88 has been on the order paper since February 18 last and was on the order paper during most of the previous session of this Parliament. I have raised this matter on several occasions. It is a very simple question involving whether the government is going to re-establish or repair the walk around Parliament Hill previously known as lovers' lane. Apparently after two sessions of parliament the government cannot make up its mind on this question. One would think they would know by now what they are going to do, but apparently not.

An hon. Member: You don't use it.

An hon. Member: This is leap year.

Mr. Nesbitt: I might remind Your Honour that it is summertime and—you know!

An hon. Member: Explain!

Mr. Nesbitt: The second question is No. 557, also a very simple question inquiring about the amount of money paid for an alleged piece of art.

Some hon. Members: Oh, oh!

Mr. Nesbitt: If nothing else, at least I have managed to put the House in good humour this afternoon. It involves something called "Klonos"—I am not sure whether that is a Greek word—and a very large sum of money was paid for it. It consists of eight pieces of fibreglass and I am wondering why—

• (1440)

Mr. Speaker: Order, please. Perhaps the parliamentary secretary might like to reply to the hon. member. I do not think it is necessary to make a long speech and bring to the attention of the parliamentary secretary that a question has not been answered. The parliamentary secretary may wish to reply.

Mr. Jerome: Mr. Speaker, I have made a note of the numbers of the question and of the tremendous impact on the way of life of the Canadian people of the subject-matters therein contained. I will certainly direct attention to them right away.

MOTIONS FOR PAPERS

Mr. J. A. Jerome (Parliamentary Secretary to President of the Privy Council): Mr. Speaker, notice of motion for the production of papers No. 59 is acceptable to the government, subject to the usual reservations concerning confidential documents.

Mr. Speaker: Subject to the reservations and conditions expressed by the parliamentary secretary, is it the wish of the House that notice of motion No. 59 be deemed to have been adopted?

Some hon. Members: Agreed.

Motion No. 59—**Mr. Nielsen:**

That an Order of the House do issue for a copy of the financial statements of the Yukon Native Brotherhood for each fiscal year during which grants have been made to the Brotherhood by any department or agency of the government.

Motion agreed to.

Mr. Jerome: Mr. Speaker, would you be so kind as to call notice of motion No. 11?

Motions for Papers

CORRESPONDENCE BETWEEN MR. JOHN CARSON AND HON. JOHN N. TURNER REGARDING BILINGUALISM IN THE PUBLIC SERVICE

Motion No. 11—**Mr. Orlikow:**

That an Order of the House do issue for a coy of all correspondence between Mr. John Carson, Chairman of the Public Service Commission and the Hon. John Turner, Minister of Justice, regarding bilingualism in the Public Service and its application under the terms of the Public Service Employment Act.

Mr. Judd Buchanan (Parliamentary Secretary to Minister of Finance): Mr. Speaker, this correspondence in general cannot be identified as government papers as such but, rather, should be identified as correspondence between the Minister of finance, as a Member of Parliament, and one of the established institutions of government. In addition, some of the correspondence reflects on the personal competence or character of individuals and some of the papers are private and confidential. It is respectfully requested that the hon. member withdraw his motion.

Mr. Orlikow: Mr. Speaker, since the parliamentary committee is now meeting to discuss a question of concern to a great many people in Canada, namely, the question of merit, I think this correspondence is vitally important and I certainly do not intend to withdraw the motion.

Mr. Jerome: Transfer for debate.

Mr. Speaker: Transferred for debate. Shall the remaining notices of motions stand?

Mr. Woolliams: Mr. Speaker, some time ago I had on the order paper notice of motion No. 6 which has to do with an order for the production of all documents, reports, letters, papers and statements relating to the release of Yves Geoffroy from penitentiary. I would also refer to notice of motion No. 15 which has to do with copies of all documents, application forms, photographs and letters leading to the issuance of passports to Geoffroy and Carmen Parent. I wonder whether the Solicitor General could produce those papers? The other papers were produced. Both these notices of motions ought to be taken together.

Mr. Jerome: Mr. Speaker, I know that the Parliamentary Secretary to the Solicitor General had some conversation with the hon. member about the other notice of motion he referred to. I shall certainly ask him if he will be good enough to discuss with the hon. member the matter he has raised.

Mr. MacDonald (Egmont): Mr. Speaker, I apologize to Your Honour for raising this matter again, but I do so in the same manner as the right hon. member for Prince Albert raised a point concerning starred questions. I am referring to notice of motion for production of papers No. 40, having to do with a copy of the evaluation report of the government's 1971 opportunities for youth program. This has now been on the order paper for almost three months and the estimates have been passed for next year's program. I find it passing strange that no response has been made. I would ask Your Honour and the officials of the House to consider seriously the plight of hon. members who have placed on the order paper notices of motions for the production of papers which stay there for an inexplicably long time. I wonder if there is not some responsibility on the part of ministers to respond to these requests when they are placed on the order paper?

[Mr. Jerome.]

Mr. Speaker: Shall the remaining notices or motions stand?

Mr. MacDonald (Egmont): On a point of order, Mr. Speaker, I wonder whether the Parliamentary Secretary to the Secretary of State could indicate when we might expect an answer to a fairly straightforward motion for papers?

An hon. Member: After the election.

Mr. Speaker: Shall the remaining notice of motions stand?

Some hon. Members: Agreed.

ORAL QUESTION PERIOD

INDUSTRY

LANARK INDUSTRIES, DUNNVILLE—REASONS FOR POSSIBLE CLOSING OF PLANT

Hon. Robert L. Stanfield (Leader of the Opposition): Mr. Speaker, may I direct a question to the Parliamentary Secretary to Minister of Industry, Trade and Commerce respecting the plant at Dunnville, Ontario, operated by Lanark Manufacturing. I assume the parliamentary secretary will be fully informed and able to answer this question. In view of the alleged closing of the plant and the possible relationship between this and the automobile pact, may I ask the parliamentary secretary whether the Department of Industry, Trade and Commerce has been in touch with the management of this plant to obtain some explanation of what is going on and the reasons for such action?

Hon. Alastair Gillespie (Minister of State for Science and Technology): Mr. Speaker, I will be pleased to take that question as notice and refer it to the minister.

CANADA-U.S. AUTO PACT—POSSIBILITY OF CHANGE IN AMERICAN POSITION BECAUSE OF RECENT CANADIAN TRADE DEFICIT IN AUTOMOBILES AND PARTS

Hon. Robert L. Stanfield (Leader of the Opposition): Mr. Speaker, may I direct a supplementary question to the Prime Minister. In view of the apparently dramatic change in the figures for trade between Canada and the United States in automobiles and automobile parts, which show Canada in a deficit position for the first three months of this year as opposed to the surplus position about which the United States authorities had complained, has the government been in touch with the United States authorities and has this apparent turnaround evoked any change in the position taken by the United States administration with regard to modifications in the pact?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I have not been personally in touch with any of the United States officials on this subject but I will gladly ask the minister if there has been any contact.

LANARK INDUSTRIES, DUNNVILLE—ALLEGED THREATS IN PAST TO CLOSE PLANT WHEN FACED WITH DISPUTES

Mr. Derek Blackburn (Brant): Mr. Speaker, may I direct a supplementary question to the Minister of Labour. Has the minister any information regarding previous threats by Lanark Industries of Dunnville, an American-owned corporation, to close down operations when faced with individual disputes in the past? If he has that information, would he give it to the House? If not, will he try to obtain it for us?

Hon. Martin P. O'Connell (Minister of Labour): Yes, Mr. Speaker, I will look into that. I do not have any information before me.

* * *

REGIONAL ECONOMIC EXPANSION

CONTINUANCE OF DESIGNATED REGIONS—POSITION OF PROVINCES—NATURE OF CONSULTATION—REQUEST FOR TABLING OF CORRESPONDENCE

Mr. David Lewis (York South): Mr. Speaker, I have some questions for the Minister of Regional Economic Expansion arising out of his announcement this afternoon in which he told us that the extension of the program which he announced had been discussed with the provinces. Can he inform the House whether any provinces agreed to the policy of extension without asking for changes in the structure and application of the incentives program? Was there unqualified agreement by all provinces or only by one or two, as I suspect?

Hon. Jean Marchand (Minister of Regional Economic Expansion): Mr. Speaker, I do not think there was any general answer. Some agreed to the renewal without modification; many suggested modifications. However, we decided we should keep the designated areas as they are until 18 months have elapsed.

Mr. Lewis: Can the minister briefly indicate what was the nature of the consultation? If the government had already made up its mind to make these extensions without bringing in changes either in the program or in the boundaries of the areas, what was the nature of these consultations with the provinces, or were they merely informed of the government's decision?

Mr. Marchand (Langelier): No, Mr. Speaker. There was real consultation. We asked the provinces to comment on what we intended to do. Some indicated they wanted some changes in the designated areas. A few even suggested modification of the whole system. Those are the matters on which we will negotiate during the period which has been announced.

Mr. Lewis: Mr. Speaker, I take it I am to understand from the minister's reply that he asked for comments so that he could either ignore them or study them later rather than take them into account in his program, which is not very great federal-provincial co-operation. Would the minister undertake to table the correspondence between himself or his department and the provincial governments subject, of course, to the provincial governments agreeing that the correspondence or any documents exchanged with respect to the program he announced today be tabled?

Mr. Marchand (Langelier): Mr. Speaker, I will take this question into consideration and consult with the provinces to learn what their opinions are.

[*Translation*]

SIDBEC—INQUIRY RESPECTING GRANTS

Mr. Yvon L'Heureux (Chambly): Mr. Speaker, I have a supplementary.

Has the Department of Regional Economic Expansion contributed, or will it be contributing in the near future to the establishment and expansion of the Sidbec steel works in Contrecoeur, which were inaugurated last Monday by the Premier of Quebec?

Hon. Jean Marchand (Minister of Regional Economic Expansion): I believe, Mr. Speaker, that a grant totalling some $6 million has been offered to Sidbec. However, it is not quite sure that the grant will reach that amount as it will all depend on the work being completed before December 31, 1973.

• (1450)

[*English*]

REQUEST FOR TABLING OF REPORT ON ORGANIZATION OF DEPARTMENT

Mr. James A. McGrath (St. John's East): May I ask the minister whether he is in receipt of the results of the study conducted into the organization of his department by the Canadian Council on Rural Development? If the minister has received such a report, will he table it in the House at the earliest opportunity?

Hon. Jean Marchand (Minister of Regional Economic Expansion): I will look into that, Mr. Speaker.

[*Translation*]

CONTRECOEUR—CONTINUANCE OF SPECIAL AREA STATUS

Mr. Speaker: Did the hon. member for Chambly have any other supplementaries for the minister?

Mr. Yvon L'Heureux (Chambly): Yes, Mr. Speaker. In the minister's statement to the House a few minutes ago, is the Contrecoeur area still part of the designated area.

Hon. Jean Marchand (Minister of Regional Economic Expansion): Yes, Mr. Speaker.

Inquiries of the Ministry

[*English*]

CONTINUANCE OF DESIGNATED REGIONS—DATE OF CABINET DECISION

Mr. John Burton (Regina East): Would the Minister of Regional Economic Expansion care to inform the House on what date the cabinet made its basic decision to extend the present designated regions by 12 and 18 months respectively with respect to industrial incentive grants?

Hon. Jean Marchand (Minister of Regional Economic Expansion): I do not have the date in my mind. I may check and answer later.

Mr. Burton: I should like to ask the minister this question. In view of the fact that the cabinet decided on March 30 to continue the present designations, eight days before the minister began to consult with the provincial premiers, would the hon. gentleman explain to the House why he bothered to carry on this consultation—

Mr. Speaker: Order, please. That is obviously argument and not a question.

* * *

[*Translation*]

LABOUR RELATIONS

QUEBEC—LONGSHOREMEN'S STRIKE—STATUS OF NEGOTIATIONS

Mr. Gilbert Rondeau (Shefford): Mr. Speaker, I should like to put a question to the Minister of Labour.

Can he say whether current negotiations are such that we may hope for an early settlement of the longshoremen's strike which so far has caused considerable harm to business in Quebec?

[*English*]

Hon. Martin P. O'Connell (Minister of Labour): Our objective is, of course, to bring an end to this dispute as rapidly as possible. This morning I transmitted to each party in the dispute the wire received from the other party. These telegrams expressed a willingness on the part of the parties to see arbitration procedure go forward. I have urged them today to give me an assurance that they will in fact take this step and initiate arbitration procedure either singly or jointly.

Mr. Lincoln M. Alexander (Hamilton West): Will the minister tell us whether he gave them an alternative if they did not comply with the request submitted in the telegrams?

Mr. O'Connell: Both the law and the collective agreement are explicit as to what steps should be taken in disputes of this nature. I do not think it would be appropriate for me to suggest alternatives to that which the law requires.

[Mr. Marchand (Langelier).]

INDUSTRY

LANARK INDUSTRIES, DUNNVILLE—POSSIBLE CLOSURE —SUGGESTED USE OF EXPORT PERMITS TO PREVENT SHIPMENT OF USED MACHINERY FROM CANADA

Mr. William Knowles (Norfolk-Haldimand): Mr. Speaker, I have a supplementary question to direct to the Parliamentary Secretary to the Minister of Industry, Trade and Commerce. It relates to the Lanark plant at Dunnville. In view of the fact that on Monday night 11 transport trucks carrying machinery left that plant, reportedly bound for the United States, would the department consider introducing a system of export permits applicable to used machinery with a view to preventing the wholesale shipment of foreign plants out of Canada?

Hon. Alastair Gillespie (Minister of State for Science and Technology): I would be pleased to take that question as notice as well.

* * *

IMMIGRATION

SUGGESTED ESTABLISHMENT OF SCREENING SYSTEM TO KEEP OUT UNDESIRABLE PEOPLE

Mr. Eldon M. Woolliams (Calgary North): Mr. Speaker, I would have liked to address this question to the Minister of Manpower and Immigration, but in his absence I will direct it to the Minister of Justice since at one stage he was charged with responsibility in this area. In light of the fact that the Japanese terrorist, Kozo Okamoto, was in Canada as late as March, 1972, and since many other hoodlums and gangsters such as Jerry Rubin, James Earl Ray, Bremer and others have been in Canada, is the government considering setting up some sort of screening system at ports of entry in order to keep out these undesirable people?

Hon. Otto E. Lang (Minister of Justice): I am sure that at an appropriate opportunity the Minister of Manpower and Immigration will be glad to inform the hon. gentleman exactly what precautions are now taken and what the procedures are governing entry into Canada.

Mr. Woolliams: When the Minister of Justice next has a conversation with the minister presently in charge of immigration, would he ask him to make a statement on motions setting out the rules and regulations concerning the requirements for the issue of visas and other regulations governing visitations by people of this kind, particularly when there are 9,000 applications pending before the Immigration Appeal Board, including many by deserving people who cannot get their cases heard?

* * *

PUBLIC SERVICE

REQUEST FOR CONSIDERATION OF PETITION OF HERMAN WEISZ ALLEGING INJUSTICE

Mr. Andrew Brewin (Greenwood): Mr. Speaker, in the absence of the Minister of Consumer and Corporate

Affairs and of his parliamentary secretary, may I address my question to the acting minister if there is one or, if not, to the Prime Minister. Will the minister give consideration to the petition of Herman Weisz which was referred to earlier today and which alleges a serious injustice done to a public servant. Will he make a statement remedying the injustice if he finds it exists?

Right Hon. P. E. Trudeau (Prime Minister): I will gladly take notice of the question on behalf of the minister.

* * *

IMMIGRATION

PROPOSED ASSISTANCE TO GOVERNMENT BY ETHNIC COMMUNITY LEADERS TO SOLVE PROBLEM OF BACKLOG OF APPEALS

Mr. R. Gordon L. Fairweather (Fundy-Royal): Mr. Speaker, I have a question for the Prime Minister. I am a little embarrassed because the hon. member for Parkdale has alluded to this issue by way of a motion under Standing Order 43, but perhaps it is a legitimate question. In view of the tragic suicide in Toronto of a Polish woman who came here in 1968 and was ordered deported yesterday, will the government consider, as a matter of urgency, a proposal to invite leaders of Canadian ethnic communities to assist the government in evolving an equitable and speedy technique for solving what is obviously a serious problem posed by the substantial backlog of applications to the appeal board which are still pending?

Right Hon. P. E. Trudeau (Prime Minister): The minister has stated on a number of occasions that he is considering new legislation to meet some of the problems which have resulted in this backlog. He has, of course, been in consultation with various ethnic groups across the country in an informal way. He also has the benefit of the advice of Members of Parliament, many of them members of our party, who have given him valuable advice on matters affecting ethnic groups.

SUICIDE OF ALICIA WIERCIOCH—REQUEST FOR INVESTIGATION

Mr. Stanley Haidasz (Parkdale): I should like to ask the Prime Minister whether he would request the Minister of Manpower and Immigration to investigate the circumstances surrounding the death of Alicia Wiercioch?

Right Hon. P. E. Trudeau (Prime Minister): The circumstances, in so far as they concern our administration, are reasonably well known. The application was rejected many months ago and the appellant's lawyer lodged an appeal with the federal court. It was while this appeal was pending, and no action was being taken on it, that the death occurred. At that time the immigration and manpower people had not been engaged in any way in pursuing the case. We were waiting for the pursuance of the motion in the federal court. As far as other circumstances are concerned, I do not believe they are under the jurisdiction of this government.

Mr. W. B. Nesbitt (Oxford): Would the Prime Minister give consideration to getting rid of some of the members of the Immigration Appeal Board?

Some hon. Members: Hear, hear!

Mr. Speaker: Order, please.

INQUIRY AS TO AMENDMENT OF LAW

Mr. Eldon M. Woolliams (Calgary North): My question is a short supplementary. In light of the facts that have come out in questions and other hon. members have put concerning Canada's immigration policy, can the Prime Minister tell us whether there is anything on the tracing board with reference to changing the rules governing immigration, particularly when deserving people are held up and other kinds of people are permitted to enter Canada?

Right Hon. P. E. Trudeau (Prime Minister): I will check. The hon. member referred to some board. I am not sure to which board he was referring.

• (1500)

Mr. Woolliams: May I repeat my question. I thought it was clear; perhaps it was not. In light of the facts brought out in questions and answers with reference to immigration, is there anything on the government's tracing board to change immigration policy whereby deserving people will get their applications to stay in Canada heard and those who are not deserving will be kept out?

Mr. Trudeau: Mr. Speaker, I will ask the minister to read the hon. member's question. I am still not familiar with the kind of board to which he has referred.

Mr. Speaker: I believe the hon. member for Regina-Lake Centre has a supplementary, but again I bring to the attention of the House that we are running short of time. There are a number of distinguished colleagues in the fourth and fifth rows who fell by the wayside yesterday and I should like the opportunity of recognizing them today.

REQUEST FOR RECONSIDERATION OF ORDER FOR DEPORTATION OF TUAN VU

Mr. Les Benjamin (Regina-Lake Centre): Mr. Speaker, my supplementary is to the Prime Minister. Would the Prime Minister, in consultation with the Minister of Manpower and Immigration, give consideration to asking the Immigration Appeal Board to reconsider the deportation order in the case of Tuan Vu since, if the order is implemented, he will almost certainly face execution in South Viet Nam?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, this is a particular case of which I have no knowledge. If the hon. member will send me the name of the person I will look into the matter.

Inquiries of the Ministry

REQUEST FOR LIST OF NON-LANDED IMMIGRANTS USING CANADA FOR POLITICAL ASYLUM

Mr. Steven E. Paproski (Edmonton Centre): Mr. Speaker, I have a supplementary question for the Prime Minister. Is the government prepared to table a list of non-landed immigrants in Canada who are using Canada either for temporary or for permanent political asylum?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I do not think that such a list exists. We do not have a doctrine of asylum in this country.

* * *

[*Translation*]

INDUSTRY

SARNIA OLEFINES AND AROMATIC PRODUCTS PROJECT—PUBLICATION OF LETTER FROM PREMIER BOURASSA TO PRIME MINISTER

Mr. Roch La Salle (Joliette): Mr. Speaker, I wish to put a question to the right hon. Prime Minister.

With reference to the question which the hon. member for Charlevoix (Mr. Asselin) asked yesterday, namely, whether the Prime Minister of Canada had received a letter from the Quebec premier concerning the development of the petrochemical industry of interest to this province, the Prime Minister having indicated that he had not received such a letter, could he advise us today whether he has found the letter in his mail, and what is Quebec's position?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I have indeed found a letter from Premier Bourassa concerning the matter of the chemical industry, but without any reference to the industries and the special project in Sarnia which the hon. member mentioned in his question; there, no doubt, is the source of our misunderstanding. I have not yet replied to this letter which, I think, dates back less than two weeks.

* * *

[*English*]

GRAIN

IMPLICATION OF PURCHASE OF HOPPER CARS AND TRUCK DELIVERY TO INLAND TERMINALS IN LIGHT OF GRAINS GROUP REPORT ON HANDLING

Mr. Jack Murta (Lisgar): Mr. Speaker, I should like to direct my question to the minister responsible for the Wheat Board. With the recent purchase of hopper cars for the movement of grain and the use of trucks to deliver grain to inland terminals, would the minister inform the House whether we are seeing a piece by piece implementation of the grains group report on rationalization of the grain handling system in western Canada?

Hon. Otto E. Lang (Minister of Justice): Mr. Speaker, what we are seeing is the way in which the government is dealing with the problem of moving record volumes of grain and an expansion of the system as required, whether it be for cleaning or handling grain. We are also seeing the co-operation of all parts of the industry in order to ensure that these record volumes of grain are moved.

REQUEST FOR TABLING OF GRAINS GROUP REPORT ON RATIONALIZATION OF HANDLING

Mr. J. H. Horner (Crowfoot): Mr. Speaker, I have a supplementary question on the same matter to the same minister. Is he now prepared to make public the report of the grains group on their study of transportation problems connected with grain movement?

Hon. Otto E. Lang (Minister of Justice): Mr. Speaker, the study in question has been given fairly wide distribution to producer organizations as well as to provincial governments, the companies most directly involved and the Canada Grains Council. We are having discussions with the Canada Grains Council regarding the steps to be taken from this point forward both in developing further information programs and on development within the handling and transportation system itself.

TRUCK DELIVERY TO INLAND TERMINALS—POSSIBILITY OF INCREASED COST TO FARMERS

Mr. Jack Murta (Lisgar): I have a further supplementary question, Mr. Speaker. Since the decision to truck grain to our inland terminals could result in greatly increased costs, up to 14 cents a bushel, some people say, can the minister assure the House that either directly or indirectly the farmers will not have to bear the brunt of what seems to be a fairly costly experiment?

Hon. Otto E. Lang (Minister of Justice): The movement of grain to inland terminals is not new. The departure in using trucks rather than rail equipment is the only difference. This is not necessarily more costly than rail movement. Further matters being examined include the possibility of more direct hauling by the farmers themselves to the inland terminals, which is likely to be the cheapest of all ways of moving the grain.

Mr. Speaker: There are five or six members rising to ask supplementaries on this subject, which I suggest will take until the end of the question period. For the moment, the Chair will recognize the hon. member for Churchill and then the hon. member for Saskatoon-Biggar.

Mr. Robert Simpson (Churchill): Mr. Speaker, my supplementary question is on the same subject. In areas where the one and only elevator is being phased out, has the government any plans to assist farmers with the extra haulage necessitated by the provision of trucks to haul grain to the nearest elevator?

Mr. Lang: Mr. Speaker, the tradition has been for this to be a simple decision by certain segments of the grain handling industry, the individual elevator companies. There has been no government involvement. One of the purposes of the over-all study of the system was to consider the question from the point of view of maximum benefit to the producers, and this is precisely the kind of question that I expect the Canada Grains Council and

other producer organizations to make representations about in the very near future.

SUGGESTED AUTHORIZATION OF CANADA GRAINS COMMISSION TO ACT AS LONGSHORING COMPANY BECAUSE OF STRIKE

Mr. A. P. Gleave (Saskatoon-Biggar): Mr. Speaker, may I direct a question to the minister in charge of the Wheat Board in the absence from the House of the Minister of Agriculture. In view of the request by Mr. Atkinson, president of the National Farmers Union, to the minister in charge of the Wheat Board as well as to the Minister of Labour and the Minister of Agriculture that action be taken, to authorize the Canada Grains Commission to act as a longshoring or stevedoring company in order to ensure that the movement of wheat through the St. Lawrence ports can be resumed, would the minister inform the House what action is being taken either by himself or the Minister of Agriculture on this request?

Hon. Otto E. Lang (Minister of Justice): Mr. Speaker, it would be premature to make a response to that specific question at this time. The delicate situation on the St. Lawrence is, of course, fully in the mind of the Minister of Labour and I would want his views on any action in this regard.

[*Later:*]

Mr. Gleave: Mr. Speaker, I have a supplementary to the question I asked earlier. This situation is not only delicate but to western farmers it is disastrous. Can the minister in charge of the Wheat Board tell the House whether the Board of Grain Commissioners or the Canadian Wheat Board have been asked to assess the situation at the St. Lawrence ports and the extent to which it is affecting the movement of grain both for export and domestic use in Quebec and in the Maritimes?

Mr. Lang: Mr. Speaker, naturally, the Canadian Wheat Board and the minister have been in discussion about the difficulties which the labour situation in the Montreal area can create for the movement of grain. We are very concerned about it and have made this concern known to the Minister of Labour who has indicated to the House his great concern about this matter and also how he thinks a solution should be found.

ADDITIONAL SALE TO CHINA—PAYMENT OF FREIGHT—ADEQUACY OF PRICE TO RETURN PROFIT TO FARMERS

Right Hon. J. G. Diefenbaker (Prince Albert): Mr. Speaker, my question is directed to the Minister of Justice. There is widespread interest among western farmers concerning the recent sale of wheat to Communist China. They are wondering whether the price is one that will return to them any advantage or profit, in other words, more than the estimated cost of production today which, according to the group that met recently in Minneapolis, is $1.76 a bushel. Would the minister say whether or not, first, the government of China or the purchasing agent for China is paying the freight on this sale and, if so, from which point to which point? Second, is the price being received one that is really in the nature of a fire-sale price which will return very little, if anything, to western farmers?

Hon. Otto E. Lang (Minister of Justice): Mr. Speaker, as has been indicated many times in the House, and I am sure in the past by the right hon. gentleman himself, pricing information about sales made by the Canadian Wheat Board is confidential commercial information. I can assure the right hon. gentleman, however, that the pricing negotiated by the Canadian Wheat Board is the best possible obtainable in a competitive market. I can also tell the right hon. member that the ordinary practice is for the buyer to pay the freight on grain, either basis Vancouver or Thunder Bay.

Mr. Diefenbaker: Mr. Speaker, that answer amounts to nothing. It is simply a multiplicity of words chasing an idea. The minister says that it is not customary to allow the price to be known. A couple of weeks ago he told me that it is very easy to figure out because from day to day the Wheat Board announces its sale prices. The minister has stated that it is not a fire-sale price. I challenge him to produce the record and show what the sale price was.

* * *

• (1510)

BUSINESS OF THE HOUSE

REQUEST THAT MOTION TO REFER PUBLIC ACCOUNTS FOR YEAR ENDED MARCH 31, 1971, TO COMMITTEE BE PROCEEDED WITH

Hon. Robert L. Stanfield (Leader of the Opposition): Mr. Speaker, I should like to direct a question to the government House leader. Will he move at the earliest possible opportunity the motion that stands in his name that the public accounts for the year ended March 31, 1971, and the Auditor General's report thereon be referred to the Standing Committee on Public Accounts? If he would do that I can assure him there would be no debate on the motion as far as this party is concerned.

Hon. Allan J. MacEachen (President of the Privy Council): Mr. Speaker, if it is understood there would be no debate, I would be happy to move it as the first item of government business today.

* * *

CANADIAN COASTGUARD

TENDERS FOR RECONSTRUCTION OF COLLEGE GYMNASIUM AND LIBRARY FOLLOWING FIRE

Mr. Robert Muir (Cape Breton-The Sydneys): Mr. Speaker, my question is for the Minister of Transport. With your permission, may I first say how much it was regretted that he was unable to be present over the weekend at the fourth graduation ceremonies of the Canadian Coastguard College.

In view of the great concern expressed not only by many parents and cadets but also by the director of the Canadian Coastguard College regarding lack of proper facilities at the college, will the minister advise how soon

tenders will be called for replacement of the gymnasium and library which were destroyed by fire?

Hon. Donald C. Jamieson (Minister of Transport): Mr. Speaker, unfortunately I cannot give an accurate date. I can only say to the hon. member, as I believe I have on previous occasions, that there is no intention in the foreseeable future to move the college. I have asked for information as to just what is necessary in respect of the whole complex, because this matter does not only involve rebuilding what was destroyed by fire; there is also some necessity for upgrading and renovating existing buildings. As soon as I have that information I will let the hon. member know.

Mr. Muir: Mr. Speaker, will the minister do his utmost—I know he will because he is always very willing and obliging—to move this study ahead, thus preventing the inadequacy of facilities causing discomfort to the students who are trying their best to get ahead in their studies?

* * *

GRAIN

ALLOTMENT OF ADDITIONAL RAILWAY EQUIPMENT TO MOVE FEED AND EXPORT GRAIN BECAUSE OF LONGSHOREMEN'S STRIKE

Mr. Les Benjamin (Regina-Lake Centre): Mr. Speaker, I have a supplementary question to the one asked by my colleague, the hon. member for Saskatoon-Biggar. Can the minister in charge of the Wheat Board say whether he, the Minister of Transport or both of them together have had any discussion with the railways as to facilitating the direct movement by rail of feed grain for domestic use in Quebec and the Maritimes and grain for export?

Hon. Otto E. Lang (Minister of Justice): Mr. Speaker, that question, in what seems to be an extremely general form, has to be answered in the affirmative. I think the hon. member has something more specific in mind, but he would have to particularize his question.

Mr. Speaker: The hon. member will be recognized on a last supplementary question, but we do have to move on.

Mr. Benjamin: Mr. Speaker, I apologize to the minister for not being clear. Has an additional allotment of railway equipment been put into service for the movement of feed grain for domestic use and export grain to the Maritime ports in order to alleviate the situation at the St. Lawrence ports?

Mr. Lang: Not in connection with the immediate situation, Mr. Speaker, although there are general discussions about the use of additional equipment for possible movements of this sort at different times of the year.

[Mr. Muir.]

TRANSPORT

ATLANTIC PROVINCES—SUBMISSION TO MINISTER OF PROPOSALS FOR SUBSIDIES

Mr. Charles H. Thomas (Moncton): Mr. Speaker, my question is for the Minister of Transport and arises from the fact that his speech yesterday was cut off in full flight. I should like to ask whether his speech as recorded covered all his proposals for a new Atlantic transportation policy, or whether there are any specific proposals in that part of his speech which unfortunately did not get on the record?

Mr. Speaker: Order, please. I have very serious doubts about that question. Perhaps the hon. member would like the minister to pursue the speech he was making yesterday, but a question in that form is not in order at this time.

Mr. Thomas (Moncton): Mr. Speaker, perhaps I might rephrase my question. The Minister of Transport referred to discussions he had with the Atlantic Provinces Transportation Commission and the federal-provincial agency and to various areas of agreement that were reached. Has a date been agreed upon by the minister and the commission as to when these specific proposals will be presented to him for selective subsidies?

Hon. Donald C. Jamieson (Minister of Transport): No, Mr. Speaker, but I would be prepared, as I indicated to the commission, to receive them as soon as possible. I asked them, in fact, if they would undertake this particular job. I have not had a definite confirmation from them that they will undertake it, although I suspect they will. When I get that information I will, as I assured them, act on it immediately.

Mr. Thomas (Moncton): Mr. Speaker, I ask the minister whether these discussions covered the whole range of railway freight rates and whether agreement has been reached on the action to be taken to hold freight rates in line until a policy has been evolved?

Mr. Jamieson: Mr. Speaker, the commission did not specifically ask that question. I think the emphasis was primarily on the matter of selectivity and the more useful employment of the tens of millions of dollars that are now being expended in one way or another. It was agreed that this money was not being expended to the best advantage. The discussions were more in respect of selectivity than on the question raised by the hon. member.

ATLANTIC PROVINCES—PROPOSED FREIGHT RATE INCREASE—REQUEST THAT MINISTER HOLD DISCUSSIONS WITH CARRIERS

Mr. J. P. Nowlan (Annapolis Valley): Mr. Speaker, I asked the Minister of Transport yesterday about the Canadian Railway Express Association intention to ask the Canadian Transport Commission for a further freight rate increase in Atlantic Canada, and perhaps all across Canada. The minister replied that he was limited under the act as to what he could do with the CTC. I appreciate in large part the limitations on him, but is the minister going to do anything in the way of moral suasion or

persuasion such as his colleague the Minister of Finance does in dealing with the banks? Will he discuss this matter with the Railway Express Association to find out why they feel this increase is necessary before it becomes a *fait accompli*, some time after June 19?

Hon. Donald C. Jamieson (Minister of Transport): Mr. Speaker, I am in reasonably constant touch with both the railways concerned. I might point out to the hon. member that more than 50 per cent of the traffic affected, if my figures are correct, is carried by truck. Of course, we do not have very much more than moral suasion, to which he referred, in regard to the trucking industry, but I would be glad to meet with them on the subject to see what can be done about it.

* * *

PUBLIC SERVICE

SUGGESTED RESIGNATION OF CHAIRMAN OF COMMISSION

Mr. Robert C. Coates (Cumberland-Colchester North): Mr. Speaker, my question is for the Prime Minister. In view of the statements contained in the annual report of the Public Service Commission and the statements made by the chairman of that commission before a committee of this House indicating an emasculation of the merit system, is it the intention of the Prime Minister to request the resignation of the chairman of the commission?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I do not think it would be in order for me to comment on what is happening before a committee of the House. The hon. member might refer to the act, where he will find that the chairman of the commission is an officer of Parliament and can be removed only on a joint address by both Houses. The hon. member or his party might want to initiate that procedure; this government does not.

* * *

HEALTH AND WELFARE

REQUEST FOR DETAILS OF PROGRAM "NEW HORIZONS FOR THE AGED"

Mr. Maurice Foster (Algoma): Mr. Speaker, my question is for the Minister of National Health and Welfare. Will the details of the program entitled New Horizons for the Aged be announced before the end of this month?

Hon. John C. Munro (Minister of National Health and Welfare): I would hope so, Mr. Speaker.

* * *

ENERGY

POSSIBLE PIPELINE THROUGH EASTERN ARCTIC—ASSURANCE OF MAJORITY CANADIAN OWNERSHIP—HYPOTHECATION OF GAS TO UNITED STATES

Mr. T. C. Douglas (Nanaimo-Cowichan-The Islands): Mr. Speaker, may I direct a question to the Minister of Energy, Mines and Resources arising out of his comment on a television program to the effect that he would prefer to see majority Canadian ownership of pipelines tapping northern gas reserves. My question is about the proposed pipeline in respect of which Panarctic Oil is now doing aerial reconnaissance. Has the government any plans to ensure that such a pipeline, if and when it is built, will have majority Canadian ownership?

Hon. Donald S. Macdonald (Minister of Energy, Mines and Resources): Mr. Speaker, I think the same objective should apply in respect of a pipeline through the eastern Arctic as to one through the Mackenzie Valley. As the hon. member knows, all that is being done at the moment is photographic reconnaissance of a possible route.

• (1520)

Mr. Douglas: Mr. Speaker, in view of the statement of Mr. Heatherington, the president of Panarctic, that market considerations would indicate that this gas, if Panarctic brings it down from the north, would go to the United States, I ask the minister if this is government policy and does the government intend to have this gas hypothecated to the United States, in view of the statement of the National Energy Board that as of June 30 last there was a deficit of—

Mr. Speaker: Order, please. We are running short of time and hon. members should try to limit the length of questions.

Mr. Macdonald (Rosedale): Mr. Speaker, government policy is as stated in the National Energy Board Act: that the actual export of any particular quantity should be determined by the board. Of course it is the board's decision to determine whether the TENNECO agreement, which is the one the hon. member is referring to, should be carried out or whether the gas should remain in Canada.

PROPOSED MACKENZIE VALLEY PIPELINE—INQUIRY AS TO APPLICATION FOR CONSTRUCTION

Mr. Erik Nielsen (Yukon): Mr. Speaker, I have a brief supplementary. I should like to ask the minister whether the government has yet received an application from any company or consortium for the construction of a Mackenzie Valley pipeline.

Hon. Donald S. Macdonald (Minister of Energy, Mines and Resources): We hear a great deal, Mr. Speaker, from the bush telegraph on this question, but I think I am right in saying that neither myself, the National Energy Board nor my colleague the Minister of Indian Affairs and Northern Development, has received any formal application at the moment.

Inquiries of the Ministry

LABOUR RELATIONS

QUEBEC—LONGSHOREMEN'S STRIKE—POSSIBILITY OF ARBITRATION

Mr. Lincoln M. Alexander (Hamilton West): Mr. Speaker, I should like to direct a question to the Minister of Labour in order to clarify the contents of the telegrams to which he referred. Have the parties to the Montreal dock strike indicated their willingness to go to arbitration, pursuant to the terms of the contract? Have they actually said they are prepared to do so?

Hon. Martin P. O'Connell (Minister of Labour): Mr. Speaker, I am glad of an opportunity to clarify the answer I gave earlier to the hon. member for Shefford. In the reply of one party there is clearly an indication to proceed to arbitration. In the reply of the other party I would put it this way: there is an indication of not being unwilling to see an arbitration procedure pursued by the other party.

Mr. Speaker: Order, please. I would remind hon. members that there are just one or two minutes left before the end of the question period. The hon. member for Hamilton West.

Mr. Alexander: I have one supplementary, Mr. Speaker. In view of the answer of the minister and the fact that this strike is costing the country $100,000 per day, can the minister advise the House when he figures the government should step in, in view of the fact that—

Mr. Speaker: Order, please. I suggest the hon. member is asking an academic question which I would judge not to be in order. The hon. member for Brandon-Souris.

* * *

TAXATION

INQUIRY AS TO REASON FOR DELAY IN MAKING INCOME TAX REFUNDS

Hon. W. G. Dinsdale (Brandon-Souris): Mr. Speaker, my question is for the Minister of National Revenue. On June 2 the hon. member for Grand Falls-White Bay-Labrador inquired about the long delay being experienced in processing income tax returns. Is the minister now in a position to reply to that question?

Hon. Herb Gray (Minister of National Revenue): Yes, I am, Mr. speaker. The answer is rather lengthy because it is somewhat detailed. I sent the hon. member a letter this afternoon setting out the information. I would be pleased to have the letter printed in *Hansard* or dealt with in a way satisfactory to the House, if the hon. member wants the answer to be given publicly.

[*Later:*]

Mr. Dinsdale: In view of the statement of the minister, I wonder whether he would agree to having the letter printed in *Hansard* today so that it might be available to all members of the House? It is a matter of general interest to all Canadians.

[Mr. Macdonald (Rosedale).]

Mr. Speaker: The Chair would suggest that the letter be tabled rather than have that kind of correspondence appended to *Hansard*. Is this agreed?

Some hon. Members: Agreed.

* * *

FAMILY INCOME SECURITY PLAN

COMPLETION OF CONSIDERATION OF BILL BEFORE ADJOURNMENT OF HOUSE—TIME REQUIRED TO IMPLEMENT PAYMENTS

Mr. James A. McGrath (St. John's East): Mr. Speaker, can the Minister of National Health and Welfare tell the House if the government proposes to proceed with the FISP bill before the adjournment of the present session, has there been any review of the timetable for the bill to become operative? I am thinking of the statement made the other night by his deputy minister to the effect that it would be eight months before payments could be made under the new plan.

Hon. John C. Munro (Minister of National Health and Welfare): As to the first part of the question, it is generally the position of the government that we will complete our deliberations on the bill. As to the second part of the question, the reasons were given in the committee for the time interval before actual implementation and were well set out by the deputy minister. They have a good deal to do, of course, with the administrative difficulty in terms of sending out the applications, obtaining the returns and processing them through the computer.

* * *

SUPPLY AND SERVICES

SPECIAL AGENCY TO CO-ORDINATE USE OF COMPUTERS AND COMPUTER PROGRAMS

Hon. C. M. Drury (President of the Treasury Board): Mr. Speaker, I should like to make a correction, in effect, to *Hansard* of yesterday in respect of an answer to a question by the hon. member for Wellington, recorded at page 2888 of *Hansard*, about the co-ordination of computers within the government. He asked under whose jurisdiction is the agency responsible. There are two agencies in fact or two bodies. The Department of Supply and Services has a computer service bureau which provides a general computer service to other government departments, but responsibility for co-ordination and development of the total framework of computer use is with the Treasury Board.

Mr. Speaker: Orders of the day. Perhaps I should put to the House first the motion referred to earlier by the President of the Privy Council. My understanding is that this motion is to be put without debate.

GOVERNMENT ORDERS

PUBLIC ACCOUNTS

REFERENCE OF AUDITOR GENERAL'S REPORT FOR YEAR ENDED MARCH 31, 1971, TO STANDING COMMITTEE

Hon. Allan J. MacEachen moved:

That the public accounts for the year ended March 31, 1971, and the Auditor General's Report thereon be referred to the Standing Committee on Public Accounts.

Motion agreed to.

* * *

ELECTION EXPENSES BILL

AMENDMENTS TO CANADA ELECTIONS ACT AND INCOME TAX ACT

The House resumed from Thursday, May 25, consideration of the motion of Mr. MacEachen that Bill C-211, to amend the Canada Elections Act and the Income Tax Act in respect of election expenses, be read the second time and referred to the Standing Committee on Privileges and Elections.

Mr. Arnold Peters (Timiskaming): Mr. Speaker, when this matter was before us some days ago I had the opportunity to make a few initial remarks. Among them was the conclusion I drew, that this piece of legislation is very important for the operation of our democratic system because it affects the true operation of an electoral system in Canada.

I am sure most Canadians are unaware of the amount of money spent on elections. This was especially true when we had elections more often than we do now. The amount spent on elections has over the years grown considerably. It is interesting to note it is estimated that election expenses in the federal election of 1968 amounted to approximately $31 million. In a country with a population of 20 million people this would seem to be a great deal of money to spend on an election. For this reason most Canadians are concerned about curtailing election expenses, that undue expenses be not incurred, that there be the shortest possible time for the electoral process and that our election procedures be such that the least influence be felt by the political parties in electing a government.

This process has been distorted over the last few years by the huge expenditures made by certain corporations in the election of a government. In 1956, in the province of Quebec election expenditures became so flagrantly extravagant that the people of Quebec showed great resentment and came up with a number of changes in the electoral process which curtailed some of the exorbitant and less worth-while expenditures.

• (1530)

Obviously, this happens as well in the province of Ontario. The amount of money spent by the provincial government in the last Ontario election was phenomenal; the expenditures they incurred were ridiculous to the degree of overkill. In my opinion, those expenditures have put the Ontario government in bondage to the insurance companies in particular for the rest of their term of office. Some companies in Ontario made extravagant expenditures, but those which did so most flagrantly, those which have obviously received most consideration from the government since that time, are the insurance companies. As a result, every person in Ontario who buys automobile insurance, house insurance and fire insurance, and who in fact deals with an insurance company in the province which takes in an excess in premium payments, pays part of the expenses of the provincial election.

Over the years we have recognized that the people who raise money for political parties are an important group. The present government and past governments have recognized this over the years by appointing many of the bagmen to the Senate. The expression "bagmen" has not been used by the New Democratic Party, probably because they can carry the money around in a small satchel. These men are sometimes rewarded by appointment to the Senate.

In exposés that have been made on the contributions which bagmen have raised it has been indicated—again, particularly in the last election in Ontario—that they know exactly who is going to make what payment. The bagmen go to the financial supporters with an indication of the range of payment which they expect from them. This relates to the contribution they made previously and also to the contribution it is expected they should be able to make. I suppose it goes up as the cost of living goes up. In regard to the requirements of political parties, their being similar to those of other people, cost of living escalator clauses are a familiar term to bagmen and instead of asking for $1,000 they might ask for $1,250.

Without question, in the last election Ontario abused all our democratic principles relating to elections. It was almost impossible to make a legitimate choice between the various political parties in Ontario because the predominance of publicity and the preponderance of information being disseminated by the media in the province was overwhelmingly in favour of the Davis campaign. It seems to me that this operation is similar to that of a soap company which advertises that its product is better, washes whiter, and uses all the other exorbitant advertising clichés. They seem to have been successful on the North American continent, because if you are willing to put money into the news media quite often the sale of your commodity goes up. Obviously, if they did not you would not be paying for advertising.

Under our system, a certain expenditure must be made to meet the cost of elections. This is a big country and a number of points of view must be expressed. Advertising or buying time on the news media, particularly in the urban centres, is very expensive. For this reason time on the news media is almost exclusively limited to those who have a large amount of money.

Let us look at the two major fund-raising drives that were held in Toronto recently, particularly the government fund-raising drive. It is interesting to note the people who were present at the fund-raising dinner. They included such people as representatives of IBM, which had received DREE grants totalling $6 million; representatives

of Union Carbide, which had received DREE grants of $1,395,000; representatives of Canadian Johns-Manville, which had received a grant of $307,000 from DREE; representatives of Falconbridge Nickel Mines, which had received $4 million from DREE; and representatives of Noranda Mines, which along with its subsidiary Gaspé Copper Mines Limited had been favoured with DREE grants totalling more than $4½ million.

There were others at those fund raising dinners who I am sure had not received DREE grants. I am not suggesting that the bagmen would request contributions in light of the DREE grants which were received, but I suggest that most political parties have friends who expect certain considerations from them.

I was not surprised the other day when the Liberal party refused to support our request to have representatives of the chain stores appear before a House of Commons committee to ascertain whether the huge profits they were making were exorbitant and whether they could be curtailed to the benefit of the consumer. I was not surprised that the Trudeau government did not see any merit in that suggestion. What surprised me, however, was that the Conservative party rejected the idea of investigating the chain stores.

This bears out the charge that is sometimes made, that the party in power receives large contributions from most corporations and the opposition receives contributions relative to the results of the polls and the expectations of people who under certain circumstances believe that insurance in this form must be taken out. In my opinion, this means there is always some pressure applied because of these contributions. I admit that in the New Democratic Party also there is interest in the funds that we receive, particularly the small donations. Quite often they are from old age pensioners or other persons who make a donation of $5, which is a considerable donation and a hell of a lot more than a donation from Noranda Mines to the Liberal party in terms of what they get out of it and the amount they have to play with. They, in turn, expect some consideration from the party which they think has done them some good and which they hope will do them some good in the future.

I am sure most members of the House agree that there are a number of reasons, which are fairly well known, why election expenditures should be curtailed and kept to a minimum. There would be less and less influence bought through the support of a political party. This system is not unique to Canada but exists in every democratic country in the world. If we did not have a democratic system we would be operating under a system such as exists in the U.S.S.R., where the government pays their share of the expenses at the price of absolute control.

In all countries operating under the democratic system a close study has been made of ways to curtail these expenditures to the advantage of the democratic, electoral process and they have come up with controls which are not apparent in this bill. A committee has studied this matter. I understand that after a great deal of compromise its members unanimously agreed on a number of recommendations. This bill is quite insufficient in its treatment of those recommendations; many of them are not included within its provisions. Among the questions that have to be considered is the limit to be placed on candidates' expenses. I think there is general agreement that the limits originally placed on candidates have been fair and reasonable, but the limitations stipulated in this bill for political parties will lead to great abuses.

• (1540)

What is foreseen here is completely the reverse of what happens in my political party. When calculating the budget for my riding on the basis of membership in our provincial organization, we agree that 20 per cent of all moneys raised should be transmitted to the provincial party. It in turn distributes money to the federal party if a federal election is involved. I understand this is the reverse of what happens in other parties.

In my own area the amount available is already fairly well known; in fact, one candidate used part of it for a nominating convention, I may say to the chagrin of other candidates. Just putting a limit on the amount of money raised by a candidate is useless if the money comes from outside a riding. This is particularly so if a candidate is defeated, because then those amounts will not have to be disclosed. Under the law, disclosure must be made by the elected candidate; there is no penalty for defeated candidates who do not file proper returns.

To my knowledge, a number of things have happened that are not covered by the provisions of this bill. During election campaigns you find government departments being used to do work for the party in power. Ralph Nader, the watchdog of the American consumer, has laid charges against several United States government departments, including the department of agriculture, for supporting a particular political party. In Canada I would probably select our Department of Agriculture because of the announcements it makes during election time.

This bill does nothing to control that situation. I point out that a number of government departments already operate automated typewriters, either singly or in banks. For example, message No. 7 is fed into a computer attached to the automated typewriters and they type personal letters to be mailed in accordance with a list of names and addresses. The body of those letters is made up of a pre-recorded message. Banked, automated telephones are also used for this purpose. A number of telephone numbers are fed into these banks and they use a pre-recorded message something like, "We are calling you, Mrs. Smith, because you are a housewife. We know you are concerned about the high cost of living. We want you to know that 'X' party is doing something about it. Thank you very much for allowing us to speak to you, Mrs. Smith." Such devices are not really a factor in Canada yet, but they are being used with devastating effect by political parties in the United States which can afford this type of operation.

There are many deficiencies in this bill. There must be an accounting system but it should not be through the Minister of National Revenue. The present minister may be a very trustworthy gentleman, but I will be surprised if he cannot find some use for the information that will be at his disposal. A minister in that portfolio could go down the list of all the corporations in Canada and if he found one that had not made a contribution to his party then I

suspect that corporation would have difficulty in getting a DREE grant. Just imagine the situation if the minister were sitting in cabinet and a number of his colleagues made a great pitch for company "X", he knowing that the company had not contributed to his party and that his vote would be influenced by this kind of information. This difficulty could be overcome by establishing a registry in which to list contributions to political parties, where the lists could be publicly inspected.

There is another side to this donation business, Mr. Speaker. Under the provisions of this bill a company may donate $1,500 to a political party and one third of that, a maximum of $500, is tax free. In other words, a company may deduct that amount from its tax; and we must bear in mind the fact that the tax structure at that level is about 30 per cent. If we want to keep people honest we should know which orchestra is being paid and who is paying them. In that way we will have a better idea of the tune that is being played. Further, this registry should list contributions made to all candidates and not only to elected candidates. It should list annual contributions to political parties.

The Barbeau report recommended a total prohibition on public opinion polls during election campaigns. If public opinion polls did no good and were of no political value, I should be able to convince some of my leaders that we should not conduct them. In my opinion, the Gallup poll has on occasion influenced elections unduly—in fact, on at least two or three occasions during the last ten or 15 years. The Canadian people deserve better electoral reform legislation than they now have, and I think the general public is in favour of electoral reform in order to make the democratic process as effective, as efficient and as painless as possible.

• (1550)

I therefore move, seconded by the hon. member for Comox-Alberni (Mr. Barnett):

That Bill C-211 be not now read a second time but that it be read a second time this day six months hence.

Hon. Robert L. Stanfield (Leader of the Opposition): Mr. Speaker, we are concerned this afternoon with the subject of electoral expenses and reform, the financing of elections and the financing of political parties. It is unquestionably a subject of the greatest importance: the hon. member for Hillsborough (Mr. Macquarrie), who led off the debate for our party, emphasized this. He pointed out a number of inadequacies in the bill and mentioned that there were at least three factors of particular importance that the bill touched upon: one, the matter of contributions to electoral expenses of parties from the public treasury; two, the control of the expenses of parties and candidates; three, the question of the disclosure of the source of funds.

I do not know how much good the provisions in the bill relating to disclosure will do, and I do not object to them nor to the question of disclosure of category. I realize that there is strong feeling in the country in favour of disclosure of names of individuals or corporations. I say quite frankly, Mr. Speaker, that I do not endorse the suggested requirement of individual disclosure because I have considerable respect for the power of government to bring influence to bear upon those who are opposing it.

It has been said, of course, partly by way of joke, that under this bill with its provision for the deduction of contributions for tax purposes up to a certain point, the government would have the best of both possible worlds; that by virtue of the disclosure that would have to be made to the Department of National Revenue, the government would know who was making contributions without having to make any disclosure itself. I see no alternative: if one is going to encourage contributions by allowing tax deductions, these of course have to be claimed through the Department of National Revenue. I am not as cynical about this as the hon. member who just spoke, and I hope my comments in this regard will be justified when some such measure becomes law. I put it that way because I wish to make it very clear that I am not supporting the bill which is before the House at the present time.

The question of contributions from the public treasury toward legitimate candidate and party expenses is an important one. It is a principle which I favour with great zeal, Mr. Speaker. There are a number of important reasons for supporting legitimate contributions to serious candidates, under proper conditions, in elections. One of these reasons is that it provides a better opportunity to candidates who do not have substantial financial backing; it gives them a chance to get their point of view before the electorate and to mount an effective campaign.

Secondly, the provision of a reasonable contribution from the public treasury toward expenses of parties and candidates reduces the dependence of these parties upon any one source of funds. When I say that, I am not for a moment subscribing to the suggestion made by the hon. member for Timiskaming (Mr. Peters) with regard to chain stores and the attitude my party took the other day. It might have occurred to him, upon reflection, that the suggestion contained in the resolution with regard to the reason for the high price of food was a little simplistic in attributing this to chain store profits. A day or so later somebody else suggested quite emphatically that with the present price structure many grocery stores, not necessarily chain stores, were going broke.

I do not believe that contributors influence party decisions in that respect. I think it is very desirable that all parties have this additional source of public funds from the public treasury under appropriate conditions. I think it does, to that extent, tend to increase the independence of bona fide political parties in this country. I therefore emphasize, Mr. Speaker, that I very strongly support the principle of a contribution from the public treasury under proper conditions. I favoured this when it was done in Nova Scotia, although I was not responsible for it. I think it was a marked step forward. In many of the reports I have received in respect of the province of Quebec it has been seen as a marked step forward.

The conditions, of course, must be that candidates and parties are serious and receive a certain percentage of the votes cast. I would think, also, that any contribution from the public treasury must be related in some way to contributions from other sources; in other words, it should not be a fixed contribution but should be proportionate to the contributions made to the party or the candidate from

other sources. Clearly, if a candidate cannot get some basis of support generally, he ought not to be entitled to any kind of lump sum contribution from the public treasury. I want to emphasize that I strongly endorse the principle of contributions from the public treasury under proper conditions, namely, that the candidate receives a specified proportion of the votes cast in his constituency and that the contribution from the treasury be in some way related to the amount of the general contribution that the candidate receives.

Having said that, Mr. Speaker, I want to emphasize equally strongly that the contribution from the public treasury should be toward the expenses of the candidate generally and should not be directed toward particular expenses of the candidate or party. Under our democratic institutions I think the party or the candidate should decide how funds are to be expended. This is a decision to be made by the candidate and the party, and not by Parliament. I feel that this is a matter of principle which is departed from in this bill. The contribution from the public treasury should be a percentage of the expenditures in all legitimate categories made by the candidate, up to a prescribed ceiling.

• (1600)

Again, Mr. Speaker, if there is to be a contribution from the public purse toward the expenses of a candidate or party, it seems reasonable and clear that there should be an over-all limit. If the public treasury is to make such a contribution, in my view it is necessary for over-all limits to be placed on the expenditures of candidates and parties. There should be an over-all limit, not simply a limit on the spending of the candidate or party on such things as advertising and publicity. I question the wisdom of imposing limits only on advertising or publicity expenses of a candidate.

Moreover, clearly it is useless and it is wrong to limit simply the spending of a candidate or party on publicity while leaving completely open the amount that can be spent in other categories. For instance, most of us in politics recognize that the publicity you get in the news columns or on the news shows of the networks is worth much more than advertising. Yet this bill, as I understand it, while limiting the amount that a candidate or party can spend on direct advertising, does not limit in any way how much the candidate or party can spend on extravaganzas designed to create news and be reported on news shows. I mention this to show the absurdity of restricting spending in areas like publicity while imposing no ceilings or restrictions at all on the over-all spending of candidates or parties.

This bill is put forward as a reform measure at the eleventh hour. As I said, I cannot support it. I am strongly in favour of electoral reform and I am certainly anxious to see contributions made from the public treasury, under appropriate conditions. These should not be to meet selected categories of expenses but to meet expenses generally. The party or the candidate should be allowed to decide how the money should be spent; it is not for Parliament to tell candidates how to run an election. I would favour that, provided there is an over-all limit on expenditures. That limit should be incorporated in any provision providing for contributions from the public treasury. It is nonsense and absurd to introduce a bill which simply limits expenses on publicity but leaves the sky as the limit for all other kinds of expenses. I say this is an absurd bill. I cannot regard it seriously as a measure put forward in terms of electoral reform.

[Mr. Stanfield.]

Some hon. Members: Hear, hear!

Mr. Stanfield: The bill has been brought in at the eleventh hour. The Prime Minister (Mr. Trudeau) made a commitment in 1968 to give this whole matter top priority. As far as I can see, he forgot about it. Indeed, a few months ago he made it clear that the government could not introduce the bill in time for it to be effectively implemented during the next election campaign. Then, as a result of the public razzing which the Prime Minister took, he decided to honour the commitment he had made in the campaign of 1968 and this bill was produced in great haste.

There is much evidence of the obvious haste with which this bill was produced. For example, newspapers are not to be allowed to indulge in partisan political comment for 24 hours before the day of the election. That does not mean that election activities will have stopped. We saw a good example of this in 1968 when the Prime Minister was involved in what was not, perhaps, in the narrow sense political activity but in activity which was widely reported. This activity on the night before the election, it is thought, had a widespread effect on the way a number of people voted the next day.

What does this kind of restriction mean as contained in the bill? What does the restriction that newspapers cannot comment for 24 hours before election day mean? Does it mean that there can be no interpretative news stories about what might well be the crucial, final moments of an election campaign? Does it mean that there will be no stories at all about the climax of the campaign? Of course, the government might say that this is not its intention, but that is not good enough. In legislation, intentions do not count—words count.

Speaking of intentions, what are we to make of the intentions of this government? Five months ago the Prime Minister said, both in this House and in an outside interview, that there was no possible way in which a viable law could be passed before the election. I do not regard this as a viable law and I certainly agree with him to that extent. I quote the Prime Minister when he answered the hon. member for Regina-Lake Centre (Mr. Benjamin):

> I am told, Mr. Speaker, that would be an impossibility.

The Prime Minister was saying that it would be impossible to introduce such legislation in time for it to be effective in the next election campaign. I continue:

> Even if the legislation were passed now—

And this was said almost four months ago.

> —unless we were going to have an election very late indeed, or even beyond the constitutionally permitted time, it would be difficult to have legislation effective in time for that election.

That is what the Prime Minister said in February. Now, because of public razzing, he has brought forward the bill before us.

Mr. Woolliams: It is all window-dressing.

Mr. Stanfield: What kind of game is the government playing with Parliament and the people of Canada? That is the question we have a right to ask ourselves. That is the question the Prime Minister must answer, if he can. The hon. member for Hillsborough and others have already shown in detail some of the faults and inconsistencies, as well as inadequacies of the bill. For my part, I do not hesitate to accuse this government of making a desperate attempt to produce some election fodder at a time when it sees all legitimate election issues escaping its grasp. I am very much in favour of genuine election reform, Mr. Speaker. However, we are not prepared to permit this government to use Parliament in this way and abuse the Canadian people by pushing through a bill that is nothing but a sham.

The measure before us is not a measure of election reform. I have given my reasons for saying so. It is not even a good excuse for such a measure. However, it is a measure of something; it is a measure of this government's desperation in face of an impending defeat at the polls. It is a measure of its readiness to try any cosmetic surgery possible with which to make itself prettier. The Prime Minister is willing to swallow any and all of his presumably well-considered statements of the past in order to try to fool the Canadian people. But he will not succeed.

He will not succeed in making the Canadian people believe that this bill will bring more democracy to the political process when it does no such thing. He will not succeed in convincing the Canadian people that this government is sincere about electoral reform, when it brings in such a bill now, four months after the Prime Minister solemnly said that it could not realistically be introduced in time for the next election; that is, of course, unless the Prime Minister is planning on delaying the election until the constitutional time limit is reached. That is what he said would be involved when he replied last February 18. I do not accuse the Prime Minister of any such intention. I think he intends to call the election soon. He cannot do otherwise, on the basis of those democratic traditions which he says he accepts. However, if that is the case then the Prime Minister is playing a juvenile game with a most serious subject. Electoral reform and the subject of financing the election of candidates and parties are far too serious to be handled in this way.

• (1610)

Some say that though the bill is inadequate, certain of its proposals relate to detail and these can be corrected. I agree there are details in the bill which could be corrected in committee. Some argue that the bill, while very faulty, amounts to a step in the right direction. Mr. Speaker, I would support very willingly a bill which provided for a contribution from the public treasury to the expenses of parties and candidates generally, rather than being confined to certain aspects of political activity. I object to that in principle as tending to limit the freedom of expression of candidates.

As I say, I would be happy to support a bill which made a general contribution, with appropriate safeguards, leaving discretion to the candidate, provided there was a general, over-all ceiling and not just a limitation on certain expenditures by candidates and political parties which left everything else wide open. If a general contribution were proposed with proper safeguards plus policing, I would support such a proposition very gladly. I hope to have the privilege of introducing a bill along those lines in the House before very long.

Some hon. Members: Hear, hear!

Mr. Stanfield: I cannot support the bill before us, however, because I have grave objections to it in principle of the kind I have mentioned. It is a bill which contributes only toward certain limited expenditures, a bill which does not place any limitation in a meaningful way upon the expenditures of parties and candidates, despite the fact that the government proposes to make a contribution from the public treasury toward those expenditures. I cannot support a bill in these terms because in my view it is wrong. I shall therefore vote against it and support the motion proposed by the hon. member for Timiskaming.

Mr. Les Benjamin (Regina-Lake Centre): Mr. Speaker, I decided to rise only after listening to the speech of the Leader of the Opposition (Mr. Stanfield) for whom I have a great deal of respect. I listened very carefully to what he said and I agree with a large portion of his remarks. I would suggest to him, however—this is also by way of a plea to the government House leader—that all is not lost at this stage. I hope I am not being naïve in expressing this view.

No doubt all is lost in terms of there being any limitation imposed on election expenses in time for the next general election, particularly if it is held within the next five or six months. I should like to remind the House, however—in doing so I am sure I am supported by my hon. friend from Hillsborough (Mr. Macquarrie)—that 12 good men and true, plus two or three others, took turns sitting on a special committee of this Parliament which laboured for more than a year on this issue and came forward with a report which in most ways, in my opinion, is the best which has come forward so far. I should also like to remind the House that a large number of members of both parties subscribe to almost all the recommendations made by that committee.

I say to the Leader of the Opposition that I hope this bill passes the House today and goes to committee. I hope he is wrong in terms of his suspicions about the motives of the government in bringing this legislation forward at this time and in this manner. Possibly he hopes he is wrong, too. One way of finding out whether the government genuinely means business in this area is to let the bill go to committee and be dealt with at the report stage. If the government cares to accept amendments from members of other parties, or brings in amendments of its own in certain significant areas of the legislation, I believe this could be made an effective measure. No single hon. member would be able, of course, to get everything he wants nor should he expect to do so.

I should like to find out whether the government means business, and for this reason I should like the committee to deal with the bill this week and, if necessary, the week after. If the committee has to sit daily next week, I for one would be prepared to do so. I hope the minister will reconstitute the special committee composed of those 12

good men and true who worked for a year on their report and allow them to deal with the bill after it has been referred to committee. If, however the government wishes to refer the bill to the Committee on Privileges and Elections—of which, incidentally, I am also a member—I hope the membership of that committee will not try to re-thresh all the straw which was threshed for a year by the special committee and for two years before that by the Barbeau commission.

I hope, also, that the President of the Privy Council (Mr. MacEachen) will take part in this debate and tell us that he is prepared to listen to ideas for improving this legislation. It would be better still if he could go further and indicate amendments which the government might be seriously considering at this moment even thought it might not have made up its mind finally about them. It will soon be evident whether the Leader of the Opposition and other hon. members who have spoken in the debate are right and the government is just playing games, or whether they really mean business and want an effective piece of legislation passed by June 30.

Mr. David MacDonald (Egmont): Mr. Speaker, I intend to speak only briefly at this time. The subject is one which has already been debated a good deal and, as well—as we have been reminded by the hon. member for Regina-Lake Centre (Mr. Benjamin)—a considerable amount of time has been spent on it in the special committee.

I may say that I share much of the suspicion and misgiving which the Leader of the Opposition (Mr. Stanfield) expressed in connection with the motivation of this legislation—its production of what is really the eleventh hour. I have no doubt the only reason we are discussing the bill at this moment is that its absence would be a continuing source of public embarrassment to the Prime Minister (Mr. Trudeau). I clearly recall a television program at which an old news clipping was shown containing statements by the Prime Minister committing the government to dealing with the whole issue of election expenses as a major priority. It was only a few months ago, though, that the Prime Minister stated he had no thought of coming forward with legislation in this area during the present Parliament.

What we are dealing with, therefore, is a deathbed repentance and in these circumstances we should examine what the repentance is all about. It concerns something which is basic to the function of democracy in this country, something which has to do with what is possibly the most basic element in politics, namely, money. Money has always been something of a sacred nature, and certainly of a secret nature, in relation to politics. Questions are asked: Where did it come from? How will it be used, and with what political impact? These are always areas of great suspicion and curiosity.

The government has now moved to present to us a bill which, though inadequate in its provisions, does nevertheless make an attempt to take action in an area which concerns members of this House as well as many other Canadians. It recognizes that there must be some provision of financial support for political parties. We find in the bill the principle that contributions to political parties are to be recognized in law as qualifying legitimately for tax exemption. I believe this to be a basic principle. The manner and method of disclosure is unsatisfactory, but the principle at least is in the bill.

• (1620)

Further, there is the belief that there must be some limit on election expenses. If one examines the current drift toward the skyrocketing expense of election activity, the danger is that it is open only to the privileged class, to those with the wealth able to participate. We must recognize that we must at all costs avoid limiting political opportunity to the privileged few. Thirdly, there is recognition that the public generally, apart altogether from individual or corporate contributions, has a responsibility for the political process, and again this is recognized in the bill to the degree that certain election expenses will be partly underwritten.

These, to my mind, are the strong points of the bill. There are obvious weaknesses and these have been mentioned—the weakness of lack of full disclosure, direction of limitation and the way in which the limitation applies only to some specific range of political activity in terms of advertising and broadcasting, which has little to do with the over-all concept of party activity or the increasingly important features of a national and leader's campaign. In addition, the responsibility for making clear who regulates and objectively supervises the handling of fiscal or financial aspects of election activity is not effectively spelled out.

We are faced with a dilemma. We are in the dying days of this Parliament. Members are not sure what, if anything, will eventually come back from the committee. It is a deathbed repentance. But having said that, I must in this case differ both from the leader of my party and, I assume, most of my own colleagues and the colleagues to my left who decide to vote against the bill. At this point I am prepared to give the government the benefit of the doubt with regard to getting some basic principles established in the matter of election expenses.

However, I am not saying that having voted to send the bill to committee I will then be prepared to vote for it on third reading. I think the many weaknesses and inadequacies in the bill must be corrected in committee. I am not, nor have I ever been a member of the committee that deals with election expenses, but I trust that our representatives on the committee, as well as the representatives of other parties, will take into account the very valid criticisms that have been made in respect of amending the bill. This must be done if it is to be a truly workable and effective bill, one that is acceptable to the people of this country.

Whether or not the bill becomes law before the next election is really an academic question. What is of importance is that the basic principles be established; that an effective means for carrying them out be provided for in the law. So at this point I will support the government even though this measure is late-in-the-day action and inadequate though it be in many respects. But I expect to see the basic problems mentioned earlier by the Leader of the Opposition and others attended to in the committee; otherwise I may feel there is no purpose or point in supporting the bill when it comes back to the House from committee.

Right Hon. J. G. Diefenbaker (Prince Albert): Mr. Speaker, having just come into the chamber and listened to the previous hon. member giving his views, and in view of the fact that I have had some experience in elections over the years, I felt I might say a few words about the bill now before the House.

No one disagrees with the fact that election costs today are skyrocketing to such extent that they constitute a denial to many people of the opportunity to participate actively as candidates through inability to meet the tremendous cost. Over the years I have not been a spender in elections. I have tried to mobilize opinion within my constituency and secure voluntary workers. I have succeeded in doing that by challenging each and all of them to join with me, not on the basis of what the return will be to each of them individually but on the basis of giving them an opportunity to serve their country, through the medium of participation, and to support those principles in which they believe.

I have found that this works. I have found that if you go to the Canadian people, and in particular to young men and women, and ask them, desirous as they are to bring about changes, to mobilize on behalf of those principles in which they believe, it is amazing the reaction that takes place. As I say, I have participated in quite a large number of elections, four or five unsuccessfully but ten in a row successfully, and in no case have I ever permitted expenditures beyond those that are absolutely necessary to ensure that the constituency is organized. Generally, excepting the officials, those who join in assisting in the campaign give of their time without remuneration.

I believe we must do something to impose a ceiling on expenditures. From my own knowledge of the United Kingdom's system I can say that the rules there permit expenditures to be made by political parties in advance of the issue of the writs, and these in no way enter into the computation that is made in imposing the ceiling on expenditures. There the expenditures are tremendous. Political parties are organized—two of them, in any event—in a way that we cannot begin to imagine within our own country. We speak of organizations in the various constituencies, but generally they are weak and almost inactive though they have a president and a secretary for each area.

I am sure that the experience of my friend from Ottawa East (Mr. Richard), the sub-dean of this House who has been a great credit to the parliamentary system, is the same as mine. I have lived quite close to his constituency and know something of the manner in which he conducts a campaign. I think he will be generally in agreement with the fact that large expenditures have not been the reason for his long-time success.

Having said that some action should be taken, I now come to a very short, almost cryptic reference to this bill. I think it is designed to fool the people in the coming election. It reveals a Machiavellian acuteness and craftiness that can only be attributable to a great deal of thought being given to a subject realized as being attractive to the people. But, Mr. Speaker, look at the bill. It is a sham and a delusion. It is worse than that: it is an endeavour to obtain from the Canadian people in the coming election, under false pretences, support for a general proposition that is not embodied in the bill.

As far as I am concerned, I am not going to join in support of the bill. I am favourable to the general considerations that it has in mind, but the manner in which it has been brought in indicates that it is believed members will suddenly join in support of something, the general principle of which they believe in. Pass this bill and you pass nothing. Nothing in this country is improved by it. As I say, it is a sham and a delusion.

• (1630)

Hon. Allan J. MacEachen (President of the Privy Council): Mr. Speaker, I am probably risking a great deal in rising to speak at this moment because I realize that once this amendment is put, if it is put this afternoon, we move on to the motion on second reading which can constitute another debate. So I am going to attempt not to inflame the House at this point, though I am seriously tempted to respond to some of the comments made this afternoon.

I must congratulate the right hon. member for Prince Albert (Mr. Diefenbaker) on the first part of his speech. I wish the same quality had been continued until the very end, but there was a lapse which did not appeal to me very much. I stated when introducing the bill on second reading that I intended to listen to hon. gentlemen in the course of the debate with an awareness of the fact there was no single person with a monopoly of wisdom or knowledge in this field, and that each Member of Parliament brought a great deal of experience to the question of election expenses. Therefore, I was prepared to consider changes in the bill in committee which could be justified on the grounds of improvement, changes which were workable and would contribute to the objective we have in mind.

There are three principles in the bill. The first is the principle of greater disclosure to the public about the affairs of political parties and their candidates. There has been a demand over the years to open up the books, so to speak, of political parties and candidates. Suggestions have been made to show where we get the money and how the money is being spent. This bill, in so far as disclosure in respect of political parties is concerned, follows exactly the recommendations of the expert Barbeau committee and the recommendations of the special committee. The Leader of the Opposition (Mr. Stanfield) agrees with that principle as embodied in the bill. The hon. member for Winnipeg North Centre (Mr. Knowles) disagrees and states we ought to go further. In this particular field we have followed the recommendation of both the Barbeau committee and the special committee.

In respect of disclosure of candidates, which also attracted the support of the Leader of the Opposition, we have followed in substance, but not totally, the recommendations of the Barbeau committee and we have retained the present law as recommended by that committee. We have not followed the recommendations of the special committee because that committee recommended, in my opinion, a relaxation of the present disclosure provisions. That is what we are doing about disclosure, and it has the support of the Leader of the Opposition.

The second principle is that we should diversify the support of political parties, or reduce the dependence of political parties on private contributors by contributions from the treasury. We have accepted that principle and the notion that it ought to be applied to serious candidates, namely, persons who get 20 per cent of the vote, and we have related that reimbursement or contribution from the treasury to the over-all expenditures of candidates. In other words, we have said that in order to draw support from the treasury you must be able to draw support from other sources in the community. We do not believe it is the function of the treasury to totally underwrite candidates in elections.

We do not think the citizenry of this country would be terribly pleased if we ended up with a bill that would permit candidates to run in elections in substantial fashion without having to get a nickel from anybody else or from their own pockets but could draw totally on the treasury. There is a difference of opinion on that. The Leader of the Opposition agrees with the position in the bill, but members of the NDP, and I believe members of the special committee, agree that there ought to be a contribution from the treasury in the form of a grant given, no matter whether the candidate can draw money from other sources or whether he spends anything else. The Leader of the Opposition and I are in agreement on these two points.

The third point raised by the Leader of the Opposition was whether the limits we have placed on candidates and on parties—

Mr. Stanfield: Also the nature of contribution confined to publicity, and so on.

Mr. MacEachen: Yes, this is the point I am going to raise and I will, hopefully, deal with that matter. Even though the Leader of the Opposition felt our proposals in the bill in respect of limitations on candidates and on parties were unsound, he went further than that and called them absurd. They are drawn entirely from the recommendations of the Barbeau committee. The Barbeau committee—and my hon. friends will recall that one of the distinguished members of that committee was Arthur Smith, a former Conservative member from Calgary—concluded that while it would be desirable and probably a good idea to put an over-all limitation on the expenses of candidates, that would be unworkable in practice.

The Barbeau committee said, let us put the limit first on expenses that are skyrocketing. Those are the words of the Leader of the Opposition and the hon. member for Egmont (Mr. MacDonald). What are the skyrocketing expenses of modern elections? I suggest they are media expenses; that is where the skyrocketing is taking place. The recommendation of Barbeau and his associates, including M. J. Coldwell, was that we put a cap on media expenses because that is where the skyrocketing is taking place. Members of that committee went on to say that these are the expenses which are obvious, knowable, provable and controllable: let us not try anything further because we will not be able to do the job.

That is what we did in this bill in respect of candidates. I believe, personally, though I have no theology on this subject, that it would be unwise to include everything in

that ambit because it would be impossible to really know and control everything: let us take the items that are accelerating, knowable and controllable. That is why we put a cap on over-all media expenses.

Mr. MacDonald (Egmont): Would the minister permit a question at this point? Does he not think that if a limit were put on these specific items it would create a situation in which money would be immediately put into other areas, and therefore this would be insufficient?

Mr. MacEachen: I do not know, but I think it is obvious to all of us that if you are going to run an election you are going to run it in the modern milieu, and the modern milieu is through the media of television and radio. It may be that some new technique would emerge, but I would think when it emerges we might be able to deal with it. For those reasons we did it in that way, based on Barbeau, and I believe they are sound reasons. I agree that there can be a difference of opinion here; but there it is.

• (1640)

I now come to the point raised by the Leader of the Opposition which I think is quite valid. It was made earlier. This is a matter which can be dealt with in the committee, namely, that we have related in the bill the reimbursement formula to advertising or media expenses. In other words, one would be unable to draw a contribution from the treasury for any expenses except advertising, broadly speaking. I believe when the bill goes to the committee it would be proper to alter it so that expenses which are legitimate under the law could be reimbursed in addition to expenses which for the reasons I have mentioned have been halved. The reasoning has to do with the candidates. But when it comes to the political party, in approaching the bill I probably have somewhat of a bias. It is this: political parties and candidates in Canada have operated for a long time with a great deal of freedom.

It certainly was not the intention in the bill to regiment, regulate or hamstring political parties or candidates; it was to put a clamp on the escalation of expenses in this field. Here Barbeau told us that the big change, the big increase in expenses by political parties in the last ten or 15 years was in broadcasting. That is where the big money probably will be spent in the next election by the political parties, if we are realistic. Here we have said that political parties cannot spend—with the co-operation of the Chief Electoral Officer who pays half—any amount of money greater than one half that which is required to produce 6½ hours of time. That is 6½ hours for all the political parties.

So when it comes to that big element of broadcasting, the political parties are limited. Barbeau said we should put a cap on that. We have put a dollar limit on all parties. I do not know who knows what an adequate and proper dollar limit is. The information given to the committee is that there is no certain way in which one could put an adequate cap on political parties from the point of view of information. Anyway, that is why we did it. If the bill goes to committee, members probably will want to take that point further.

There is another point. The hon. member for Winnipeg North Centre (Mr. Knowles) asked, what is the point of

limiting candidates if political parties or national headquarters and provincial organizations can spend limitlessly on candidates? The purpose of the bill is to prevent political parties doing anything directly to assist a candidate.

Mr. Lewis: How do you do that?

Mr. MacEachen: The hon. member asks how it is done. Probably there will be certain borderline cases, but certainly it seems to me that a candidate could get boxes of information or material, with his name on the boxes, from the national headquarters and regard that as an item which is not to be included in his over-all limit for advertising. It would seem to me that if in the committee there is any doubt concerning the tying-off of that string, or that it has not been tied properly in the bill, then it should be done in the committee. So there are limits in these two phases of possible activity.

Mr. Woolliams: Mr. Speaker, I think the minister will entertain a question. He was speaking of individual candidates. Will he not agree that someone who has been a senior cabinet minister, or someone who has been a senior Member of Parliament would have an exposure on the media because he had the privilege of being here previously? He might be running against a just as good or an even better candidate who is a newcomer, but because that candidate had not had exposure on television, radio and perhaps the other media, he would be running at a very great disadvantage. There is the problem.

Mr. MacEachen: Of course my hon. friend is right. Who is equal in politics? The right hon. member for Prince Albert spoke about his method of electioneering. Who could be on an equal basis with him? Who could start in an equal position with the right hon. member for Prince Albert, in his constituency or in any other? What law could alter that? It seems to me we must be realistic and understand what a law can do in respect of trying to cover every possibility and make everything equal for members.

In respect of this bill I have attempted to tackle the obvious problems where results can be achieved. These are the principles I wanted to outline to the House, I hope in a non-provocative way, in order to explain the attitude behind the proposals. The Leader of the Opposition made an important point, as did other members, about the provisions respecting the print media, the moratorium on partisan comment, so-called, on polling day and the day before. People have asked where this came from. I shall try to explain the evolution of the appearance of that clause in the bill. It is clause 13. The special committee, in recommendation No. 25 recommended as follows:

> We further recommend that the existing restriction on political broadcasts on polling day and on the immediate preceding day be extended to the print media, with the exception of newspapers which regularly publish only on Sunday.

Without boring the House by reading the sections, may I say that the present restrictions on political broadcasts are contained in two places, section 99 of the Canada Elections Act and section 28 of the Broadcasting Act. In reading that recommendation from the committee, one must refer to the existing restrictions and the existing law which is to be found in the two sections I have mentioned. It is a fact, also, that the Barbeau committee made no recommendation on this point, while the special committee did.

I shall not read the sections because they are there and can be read by members. Section 28, for example, I believe indicates the nub of the restriction. It provides that no broadcaster shall broadcast and no licensee of a broadcasting receiving undertaking shall receive a broadcast of a program, advertisement or announcement, of a partisan character. Then it refers to polling day and the day before.

• (1650)

What the draftsmen did in applying this section to the print media was probably to substitute the words "article" and "editorial" for the word "program". That is a simple transference in legal language, and the intent is to do that. There is no intention in this bill to have a news blackout; the intention is merely to achieve under the Broadcasting Act, for the print media, that which has existed since 1936 in the broadcast media. You can find the references in the parliamentary committee proceedings in 1936 when that provision was put in the Broadcasting Act, and broadcasters have been living under it from 1936 until 1972. That is a fact. Nobody has screamed about freedom of speech for the broadcasters.

I am informed that while there are some difficulties in application, it has been possible over these years for broadcasters to abide by this rule without too much difficulty. There has been some resistance to its application to the print media, to the newspapers, and I want to tell members of the House that when we go into committee, if it is commonly agreed that this is an inappropriate provision, that it ought to be modified and that different treatment should be accorded to the newspapers or the print media than to the broadcast media, then I will be receptive to legitimate and reasonable change. Changes can be made in the committee because the purpose, really, is to give effect to recommendation No. 25 of the special committee.

I have mentioned two matters already, one with respect to the reimbursement formula, upon which I think further thought is justified, and the second is the print media provision. Undoubtedly, there are others that will occur. All I want to say is that I am somewhat regretful that members of the House did not take my words at their face value when I said I had an open mind on a lot of things. Probably I will not agree to change some things, but here are some that I think we ought to consider in committee. In any event, regardless of the vote on second reading I would hope that we can tackle the bill in committee and, hopefully, produce a piece of legislation that will justify the support of the House in the final stages.

Mr. Stanfield: Would the minister permit a question for clarification? Was I correct in understanding the President of the Privy Council (Mr. MacEachen) to say that he thought perhaps there was merit in the government contribution being related to the total range of expenditures of a candidate, rather than simply to areas of publicity, and that the President of the Privy Council is not prepared to support a ceiling on those total expenditures? In other words, is the position of the President of the Privy

Council that he is prepared to consider at least a government contribution related to the total range of expenditures of a candidate, but he is not prepared to recommend a ceiling on publicity expenditures, despite the fact that the government would be contributing toward the total expenditures?

Mr. MacEachen: Yes, I said that I would be prepared to consider relating the contribution to the over-all expenditures that a candidate would list on his return, rather than just to advertising expenditures. I have considered this and I do not believe there is necessarily any logical contradiction in agreeing to the proposition urged by the Leader of the Opposition and not agreeing to placing everything under a limit. But perhaps my logic does not work in the same way as that of others. At least I think that that area has to be considered in the committee.

Mr. Benjamin: I am not clear on what the minister said. Perhaps I missed something he said regarding the recommendation of the special committee on the limitation of expenses of a party. I am sure the minister is aware that the limitation which the special committee recommended was 30 cents per elector in the aggregate number of constituencies in which the party runs candidates, provided they qualify. Would the minister tell us what his feelings are on this, and if there is no over-all limitation on the parties in that sense does that not nullify much of the rest of the bill?

Mr. MacEachen: As I mentioned, there is a virtual limit on broadcasting and that, we have been told, is the area where the greatest expansion of expenditure has taken place in the last ten or 15 years. So that is capped; there is a limit on that. I have said that the intent of the bill is to prohibit parties from spending money in a way that will assist the candidate in piercing his limits on advertising. It seems to me that those are two effective limits on parties. If you put a dollar limit on the over-all expenditure you would strike out the broadcast limit, because why have two separate limits?

Mr. Knowles (Winnipeg North Centre): Is that more of the MacEachen logic?

Mr. David Lewis (York South): Mr. Speaker, the minister has spoken with such a pleading voice to members of the House that one feels almost uncomfortable in telling him off, but I will suffer the discomfort. May I say to him that no one doubts that his mind is open. The question is whether it is merely ajar on the points that he has indicated, or whether it is really open with respect to some of the basic principles of this bill which my colleagues have indicated, which the hon. member for Hillsborough (Mr. Macquarrie) indicated and about which the Leader of the Opposition (Mr. Stanfield) spoke today.

Let us look at the situation and find out why the minister is so eager to push this bill through. The question of election expenses has been on the agenda of public discussion in Canada for God knows how many years and, as has already been pointed out on a number of occasions, the Prime Minister (Mr. Trudeau) undertook in no uncertain terms in the campaign of 1968 to deal with the matter of electoral reform on a first priority basis. At one point he said—if I remember correctly and I am sure I do—that he would deal with it at the first session of Parliament if he were elected Prime Minister.

We have waited four years. It is clear from what the Prime Minister and the Chief Electoral Officer have said publicly to the committee that even if the bill were passed quickly, it is not likely to be available for the next federal general election unless that election does not take place for a year. So why is the government so anxious to push this bill through, when they know perfectly well that it will not be available, even if it were not changed, for the next federal election?

Mr. Woolliams: The answer is obvious.

Mr. Lewis: As the hon. member for Calgary North (Mr. Woolliams) said, the answer is obvious. The President of the Privy Council (Mr. MacEachen) and the Prime Minister want to be able to go across the country waving a piece of paper in the air and saying that they have done something about electoral reform.

• (1700)

So far as my colleagues and I are concerned, we do not intend to make it easy for them to mislead the Canadian people that they have engaged in electoral reform. If the President of the Privy Council admits, with the Prime Minister and the Chief Electoral Officer, that this law cannot be of use in the next federal election, then I say to him that the proper thing to do is to take a great deal of time with the bill and see whether we could not arrive at changes that are basic to the whole concept of election expenses.

Not with any surprise, Mr. Speaker, did I hear the Leader of the Opposition agree with the government party against requiring full disclosure of election contributions. I want to emphasize that so far as the NDP is concerned, we stand firmly on the proposition that the people have a right to know who has contributed to parties and to candidates. Other people have dealt with this question in a personal way. Let me put it to you, Mr. Speaker, in a personal way. I am certain that if there were full disclosure of personal contributions to my campaign, I would lose some contributors because some persons who contributed to my campaigns in the past are not of my party but are well known supporters of some other party. But for some aberration or other that I would not like to define, they have decided they would send me $100 or $200 to assist me in my campaigns.

It may well be that if I had to disclose their names, they would telephone me and say, "David, I am sorry. I did it during the last few elections but I cannot do it now because I don't intend to make public the fact that I make a contribution to you." That may happen to all members of this House and it may happen to all parties in this House, but I think that is a very small price to pay for the important and basic principle by which our party stands, that the people of Canada have a right to know who is contributing to my campaign, who is contributing to my party and how much is being contributed to my campaign and to my party.

Mr. MacEachen: May I ask the honourable gentleman a question?

Mr. Lewis: Yes, certainly.

Mr. MacEachen: Is the hon. member aware that under the present law he would be obliged to disclose the names of these contributors, that is, he being a candidate? We will not need any change in the present law to accomplish that objective.

Mr. Lewis: Mr. Speaker, the minister knows what I am talking about. I am surprised at his intervention. I know this is not in the act, and I also know it is not going to be made public.

Mr. MacEachen: Why not?

Mr. Lewis: Is the Chief Electoral Officer obliged by law to make public the names of my contributors? Am I obliged by law to make public every contributor who gives me money?

Mr. MacEachen: Yes.

Mr. Lewis: I do not read the bill this way. My return goes to the returning officer for my constituency.

Mr. Woolliams: It is the law, but it is circumvented legally.

Mr. Lewis: You mean under the law at present? My heavens, if I had thought the minister was talking about that I would not even have been as polite as I was. He knows that every member and every candidate lumps contributions into some constituency organization, or something else, and thus those contributions are listed as coming from the York South constituency organization. Everyone knows that that is the case.

Mr. MacEachen: Is it lawful?

Mr. Lewis: I think this is the way the present law is worded. Therefore, there is need for a change in the present law to oblige every candidate and every party to make public the names of the contributors and the amounts contributed. I am perfectly well aware of the fact that this will cause embarrassment to some contributors. It may cause embarrassment to corporations which make contributions to both the other parties in this House.

It may be that it will take a few years before people accept the practice as being necessary and desirable for our democratic society, and it may be that there will be some loss of contributions by candidates and by parties. And maybe that is not a bad idea. Maybe to have a law that produces contributions from those organizations and people who really support the candidate and party, rather than contributions which are given as a matter of insurance by persons, corporations or organizations, would be a good thing for democracy and for society.

I gather, Mr. Speaker, that the government is not prepared to deal with the question of disclosure of all contributions. Therefore, that is one basic principle of this bill that we cannot accept and to which we thoroughly object. I want to make perfectly clear that I mean all contributions: I mean the contributions of all corporations which contribute to the Liberal party, to the Conservative party or to my own party. But I have never known of one that does so, although there may be such.

I also mean all the contributors who contribute to the NDP, and not only contributions in cash but in kind. I want to have a law that clearly obliges my party and myself to disclose to the people of Canada all information about the sources of my funds and the funds of my party, precisely, fully and completely. I believe every party in this House has to be prepared to do precisely that. That is the only way in which the people of Canada can gauge what is subliminally influencing candidates and parties in this House, and it must be remembered that the subliminal influences not infrequently are a great deal more important than other influences.

The minister says it is difficult to enforce limits on parties and so he has confined himself to the limit on the media. Let me say two or three things about that. As he was speaking I recalled being on a plane several months ago with a leading Liberal who is a member of the other place—and, incidentally, why we have a habit of saying the "other place" instead of saying directly "the Senate", I will never know. This man is a Senator. He was one of the directors or chairmen of the Liberal party campaign in 1968. He informed me during our conversation—I am sure he will not mind my saying this—that Liberal party expenditures on the media during 1968 were very few. In fact, if I remember correctly he said they did not spend any money on media expenditures, as a party.

I asked why, and his answer was that the Prime Minister was getting so much coverage on television and radio that was free, that the Liberal party did not have to spend any money on buying time on the media. I do not know just how accurate that may be and I do not know whether the people of Canada appreciated the exposure that the Prime Minister received then. I do not know how much they will appreciate it in the future. I merely mention that conversation to indicate that it is an illusion to think that merely limiting media expenditures is a real limit on party expenditures.

You can organize anything if you have the money. I have never had that pleasure or experience in politics, but you can organize all sorts of things. If you have the money you can organize all sorts of affairs and shindigs, all sorts of circuses, all sorts of pancake breakfasts, and all the rest of it. The people in the media, the public relations firms employed by the Liberal and Conservative parties, are pregnant with ideas all the time and they usually require only a few hours rather than nine months of gestation. They come forward with every sort of gimmick, every sort of thing that can be done without coming under the heading of media expenditure at all.

• (1710)

You could spend literally millions of dollars, as was the case in the province of Ontario with the Conservative party in the recent election. You could spend hundreds, thousands and probably millions of dollars on all sorts of gimmicks and ideas and services. You could get all the coverage and media exposure that you needed without actually having to buy the time. There are all sorts of ways it can be done. So when the minister tells us that limiting expenses on the media is an effective limit on

party expenses, I tell him, "Rubbish". It just is not so. All he is doing is making it possible for the rest of the money to be used in such a way as to get media exposure without directly paying for it.

There is no reason why we cannot enforce a limit on party expenditures, unless we assume that the political parties in this country are thoroughly dishonest, will not obey the law and will find ways of evading it when they can. I do not make that assumption about any party in this House. I am confident that if the law requires limits, requires disclosure to be made, the political parties in this House will be meticulous in observing that law. If my confidence is misplaced, I am sorry for democracy in Canada. That is what we need, Mr. Speaker. So long as there is objection to enforcing limits on party expenditures as well as candidate expenditures, we cannot accept this bill. This, to us, in principle is wrong.

Mr. Speaker, when the hon. member for Winnipeg North Centre (Mr. Knowles) spoke the other day he pointed out on our behalf that the reimbursement formula is totally unjust, that to put a formula on a percentage basis merely means that the public treasury gives more to him who has more. We have had too much of that from this government and from our society as a whole. We have too many laws, too much legislation, too many practices that give more to him who already has. The time has come to think seriously about giving to those who do not have. That is as true for candidates in elections as it is for anything else in a genuine democratic society.

I was not here at the time but I am sure my colleague, the hon. member for Winnipeg North Centre is accurate, as I have found him to be, when he states that the minister said that if you do not make an allocation on the basis, for example, of the number of electors in a constituency and pay each recognized candidate a certain number of cents per elector, then you give money to somebody who cannot get money anywhere else. Mr. Speaker, I say, so what? There is a provision in the bill that before he is entitled to any reimbursement a candidate must have received 20 per cent of the votes cast. That is the requirement and that is high enough. Indeed, I think it is too high; it could easily be 15 per cent, without violating anything.

The point I want to make is that if a candidate is to receive at least 20 per cent of the votes cast before he is entitled to reimbursement, that is requirement enough. If 20 per cent of his constituents thought well enough of him to give him their support, surely the law ought to give him a reimbursement equal to the number of electors in his constituency. The amount of money he will have to spend, even if it is very little, is related to the number of electors in his constituency.

If the candidate is a member of a party which cannot give him very much money, or if he cannot raise very much money—perhaps my remarks are a little self-serving because we have some candidates in that situation—and he has to get 20 per cent of the votes cast, then I suggest that on the basis of principle on which reimbursement rests he should be entitled to reimbursement on a just percentage. That would mean reimbursement by a certain number of cents per elector in his riding.

What is the philosophy behind reimbursement? The philosophy behind reimbursement from the public treasury, and I am not saying anything that every member of this House does not know, is obviously that for a democracy to function there ought to be an opportunity for the person who is poor, who does not have the means, who does not even have the sources to go to for the means, to be able to stand as a candidate. That is the philosophy behind it. Then the minister destroys that philosophy by saying that in order for a candidate to get reimbursement he must raise money outside and then he will be given a certain percentage—25 per cent of what he raises. If he raises $30,000 for publicity—I think it is limited to publicity—then he will get $7,500; if he can only afford $2,000 for publicity, then he will only receive $500, and if he can only afford $1,000 he will receive $250.

I ask the minister as seriously as I can, how does that jibe with the principle and philosophy of public reimbursement? If the people of Canada are going to make it possible for candidates who are poor and do not have large resources at their disposal to seek election, is that a just way for the people of Canada to act? I am confident, Mr. Speaker, that if you were to ask the people of this country—assuming that they agree to make any reimbursement, which is something I wonder about in view of the attitude that is sometimes prevalent in regard to politics and politicians—if they were in favour of reimbursement and whether they would do it on a more fair basis or on the basis of giving more to those who spend more, the overwhelming majority would say that the reimbursement should be just.

If I run in a constituency which has 50,000 electors and my opponents can raise as much money as I hope I may be able to raise in my campaign, they ought to be entitled to the same reimbursement as I because they have exactly the same constituency, the same number of electors, the same function to perform and the same job to do. That would be fair. The other method is not fair at all and it is another principle that we cannot accept.

The question of closing off partisan comment in newspapers, radio or television must be dealt with. There is one major difference between radio or television and printed material. It happens that as a young man I was national secretary of the CCF and represented my party on a committee which discussed the rules regarding broadcasts, including the question of blackout in the last 24 or 48 hours. At that time it referred to radio because television had not arrived at the end of the thirties. One of the reasons the radio people urged such a blackout was that on radio—this is also true of television—comment in the sense of editorial comment was not as frequent nor as important; the important thing was the public affairs newscast. So long as newscasts are not prohibited, radio and television can serve their purpose and function in society. Obviously, newscasts are not prohibited.

• (1720)

The Leader of the Opposition has already referred to the unfortunate incident of June 14, 1968, in Montreal that was carried all over the country on radio, television and in the newspapers. That incident may have had as much effect on the votes cast the following day as any other single incident. There is nothing in the rules to prevent television and radio carrying such a newscast. There is nothing in the rules to prevent a speech made by the

Prime Minister, the Leader of the Opposition, the leader of the New Democratic Party or the leader of the Créditiste party (Mr. Caouette) being carried on radio and television. That sort of news reporting is a major aspect of the electronics media and shows the importance of the media. That is the point I am making. They have not made much fuss about not being able to sell time in the last hours before election day because they will sell enough in the earlier weeks of the campaign.

Furthermore, according to the advice I have been given it is very doubtful if radio and television are interested in selling such time in the last 24 or 48 hours of an election campaign. Since according to law our elections must be held on Monday or, if Monday is a holiday, on Tuesday, the last hours of bought time would be time available over the weekend, and I am told it is not sensible to do it this way. Nor are the media people anxious to sell that time, because on Saturday on Sunday there are other events which interest their audiences much more. That is the situation—I think I have outlined it correctly—with respect to the electronics media.

An entirely different situation applies to the print media, to the written word. Background articles, newspaper attempts to dig deeper into the election situation, to make a deeper analysis of individuals as well as of parties and programs, reports on the progress of campaigns and editorial comments, all these fall within the purview of the written word, of the newspaper, daily, weekly or otherwise. In this area the printed word still necessarily outdoes, so to speak, the electronics media. My party and I have not always been recipients of the most favourable comments in printed material every day of our existence, Mr. Speaker, so that it can be seen I am not arguing for one party. I am saying that the function of the newspaper is different from the function of the electronics media. Therefore, I doubt whether the limits imposed on the electronics media are really sensible, because newscasts are often much more important than commentaries.

Applying considerations with respect to the electronics media blindly and automatically to the newspapers seems to me to be somewhat illogical and overlooks the difference between newspapers and the electronics media. In any event, newscasts and news stories carried in the newspapers and on the electronics media are much more important than any commentary. The only consolation I enjoyed in my political activities before becoming a Member of Parliament as well as afterwards was from learning that according to surveys only a small percentage of the people read editorials. Most people read news stories rather than editorials and sometimes they read only the headlines and not the news stories.

At all events, it is news stories that people are interested in, so saying you cannot make partisan comments is not of very much help. News stories will be carried in the newspapers and on the media, and when you consider the way in which news stories are written it seems to me that we shall face incalculable difficulties in enforcing the law. You will need to consider the headline—whether it is partisan,— whether it should make a positive statement instead of a negative one, and so on. You will need to consider whether the name of the party spokesman should be included in the headline, whether the name of the party should be in the headline, whether the headline has been deliberately concocted to do harm to the spokesman or to do somebody else good. This, really, brings us to the area of quasi-censorship and I do not think it is desirable for Parliament to enter that field, although my mind is not closed on this matter in view of some of the comments the minister has made and some of the arguments I have heard.

I do not want to make a long speech. I need not go further except to say to the minister that he has not persuaded us that the basic principles of the bill will be touched in committee. I am glad he is willing to consider some change in the matter of reimbursement. Obviously, he is not willing to consider changes which would make the reimbursement more just, changes in the formula for reimbursement. I think he is willing to consider merely a change in area—

Mr. MacEachen: Wait and see.

Mr. Lewis: The minister says that I should wait and see. Let me say to him that we must oppose this bill on second reading, and that when it goes to committee we will do our very best to see that he makes the bill a workable one. In conclusion, I say that there is no reason for the government's hurry and there is no reason for pushing this bill through quickly, except a political reason affecting the Liberal party. I note that in the present political circumstances in Canada, that party needs all the favours it can get. However, I do not see why we in the opposition should help that party in this respect.

An hon. Member: Who is helping?

Mr. Lewis: We do not hesitate in saying that the bill before us is a phony. It does not deal with election expenses in a meaningful way and it does not serve the democratic process in a meaningful way. If it becomes law, and I suppose the government majority will make it law, I think it will be a disservice to electoral reform. I say this for one reason. Life has taught us that once you create an institution, once you put a law on the statute books, it takes a long time to change that law or tradition or institution established by law. Therefore, passing an inadequate bill, a bill that does not meet the principles of democratic reform—and this bill does not—is not doing a service to the people of Canada.

I reject the notion by which the minister and others say, "You cannot agree on everything but you must concede that this is a step forward." Mr. Speaker, there are some steps forward, so to speak, that are stopped in their tracks. The feet become locked, as it were, in the morass of the bill and you cannot pull out of that morass for years, years and years to come. We want to pass the right kind of bill. We want a bill that deals with election expenses in a meaningful way. If we want that, now is the time to insist on it. Now is the time for members of the Liberal party, as well as of the other parties in this House who harbour real regard for the idea of electoral reform, who harbour genuine concern for a good law dealing with election expenses, to show courage, to stand on their feet and say to the government, "This is not a political matter. Electoral reform is not a partisan question; it touches the democratic process of our society."

Division

Members of the Liberal party who agree with me should have the courage to rise to their feet and to say to the government, "We will not accept this bill." Of course, I do not think I will see that. However, if they did that they would render a service to Parliament and to our democratic process.

Mr. Speaker: Is the House ready for the question?

Some hon. Members: Question.

Mr. Speaker: The question is on the amendment to the main motion. All those in favour of the amendment will please say yea.

Some hon. Members: Yea.

Mr. Speaker: All those opposed will please say nay.

Some hon. Members: Nay.

Mr. Speaker: In my opinion the nays have it.

And more than five members having risen:

Mr. Speaker: Call in the members.

• (1730)

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

(*Division No. 25*)

YEAS

Messrs:

Alexander
Asselin
Baldwin
Barnett
Beaudoin
Bell
Benjamin
Bigg
Blackburn
Burton
Coates
Diefenbaker
Dinsdale
Dionne
Douglas
Downey
Fairweather
Flemming
Fortin
Gauthier
Gilbert
Gleave
Godin
Grills
Hales
Harding
Harkness
Horner
Howe
Knight
Knowles (Winnipeg North Centre)
Knowles (Norfolk-Haldimand)
Korchinski
Lambert (Bellechasse)
Latulippe
Lewis
MacInnis (Mrs.)
McCleave
McCutcheon
McGrath
McKinley
McQuaid
Mather
Mazankowski
Monteith
Moore
Muir
Murta
Nesbitt
Nielsen
Noble
Nystrom
Orlikow
Paproski
Peters
Ritchie
Rock
Rodrigue
Rondeau
Rose
Rynard
Schumacher
Scott
Simpson
Skoberg
Southam
Stanfield
Thomas (Moncton)
Valade
Winch
Woolliams—71.

NAYS

Messrs:

Basford
Béchard
Benson
Blair
Blouin
Borrie
Buchanan
Caccia
Cafik
Clermont
Cobbe
Corriveau
Cullen
Cyr
Deachman
Deakon
Drury
Dubé
Duquet
Forest
Forget
Foster
Francis
Gendron
Gervais
Gillespie
Guay (St. Boniface)
Haidasz
Howard (Okanagan Boundary)
Hymmen
Kaplan
Laflamme
Lang (Saskatoon-Humboldt)
La Salle
Leblanc (Laurier)
LeBlanc (Rimouski)
Lefebvre
Lessard (Lac-Saint-Jean)
L'Heureux
Lind
Loiselle
MacDonald (Egmont)
Macdonald (Rosedale)
MacEachen
McBride
McNulty
Mahoney
Major
Marceau
Marchand (Kamloops-Cariboo)
Munro
Murphy
Noël
O'Connell
Olson
Orange
Osler
Otto
Pelletier
Penner
Pepin
Perrault
Portelance
Pringle
Reid
Richard
Richardson
Roberts
Robinson
Roy (Laval)
Sharp
Smerchanski
Stewart (Cochrane)
Sullivan
Thomas (Maisonneuve-Rosemont)
Tolmie
Trudeau
Trudel
Turner (London East)
Turner (Ottawa-Carleton)
Walker
Weatherhead
Whicher
Whiting
Yanakis—85.

• (1750)

Mr. Speaker: The question is now on the main motion. All those in favour of the motion will please say yea.

Some hon. Members: Yea.

Mr. Speaker: All those opposed will please say nay.

Some hon. Members: Nay.

Mr. Speaker: In my opinion the yeas have it.

Some hon. Members: On division.

Mr. Speaker: I declare the motion carried on division.

Motion agreed to, bill read the second time and referred to the Standing Committee on Privileges and Elections.

Mr. Speaker: Is it the wish of the House that I call it six o'clock.

Some hon. Members: Agreed.

Mr. Speaker: It being six o'clock, I do now leave the chair.

At 6 p.m. the House adjourned, without question put, pursuant to Standing Order.